FOREIGN AFFAIRS

SEPTEMBER/OCTOBER 1997

75th Anniversary

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SEPTEMBER/OCTOBER 1997
VOLUME 76, NUMBER 5

75th Anniversary Issue

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Has Democracy a Future? *Arthur Schlesinger, Jr.* 2

At this triumphant moment for democracy, we must look back on what has been the most terrible century in Western history. Ascendant as the century began, liberal democracy then foundered, and totalitarianism seemed the answer. It could happen again. Today's democratic societies are pressure cookers: technology destabilizes as it revolutionizes them, capitalism undermines as it enriches them, and race could cause the explosion. Only public leadership and affirmative government can manage the postmodern populist age.

How America Does It *Josef Joffe* 13

Somehow the United States has remained unchallenged despite victory. Defying the laws of realpolitik, no one is ganging up on the hegemon. Through two world wars, the United States practiced a strategy like Britain's, remaining aloof from international troubles, stepping in only to rectify the balance of power. Today the United States is more like Bismarck's Germany, developing alliances with everyone so that ganging up against it is impossible. But it will have to keep providing order and security for others. Only by doing good can it do well.

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A nation's interests derive from its identity. But without an enemy to define itself against, America's identity has disintegrated. This breakdown intensified with the rise of multiculturalism and the ebbing of assimilation. Lacking a national identity, America has been pursuing commercial or ethnic interests as its foreign policy. Instead of putting American resources toward these subnational uses, the United States should scale back its involvement in the world until a threat reinvigorates our national purpose.

A Geostrategy for Eurasia *Zbigniew Brzezinski* 50

Eurasia is the axial supercontinent. It is home to most of the world's politically assertive states and all the historical pretenders to global power. Accounting for 75 percent of the world's population, 60 percent of its output, and 75 percent of

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its energy resources, Eurasia's potential power overshadows even America's. For these reasons, the United States should begin paving the way to a transcontinental security system that will ensure Eurasia's future is more peaceful than its past.

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Russia's interests demand good relations with everyone, but older, darker forces tempt it to avenge its fall from superpowerdom. Westernizing democrats govern for now, but ex-communist elites and embittered generals scheme to reinvigorate the military and reassert control over the borderlands. Their machinations are creating a fault line across the oil-rich Caucasus and Central Asia. For Russia to neglect its reconstruction to pursue the illusion of power would be a monumental mistake. While the expansion of NATO is misconceived, the West must not encourage Russian hard-liners with unmerited concessions.

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Lionel Jospin recently took power in France with a promise to reduce the workweek from 39 to 35 hours. Why? Because of the latest popular economic fallacy: the theory of global glut, or the belief that there is too much output and not enough work to go around in today's hyperefficient economy. But productive capacity in the advanced nations is not growing much faster than it was during the last two decades, and more slowly than in the 1950s and 1960s. People will always find new wants, and the newly industrializing countries are consuming even more than they produce. As Marx could have told you, capitalism can go on accumulating capital—and producing more goods and services—forever.

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The disappearance of work and widespread dislocation in Europe and the United States pose once again the nineteenth-century "Social Question": how to secure economic progress in light of the political and moral threat posed by the condition of the working class? The solution then was state action, which, contrary to today's neoliberal orthodoxy, fostered economic growth. The state cannot be abandoned now; Europeans won't go for it. It is the only protection from global market forces and the only forum for politics. But the left must stop protecting the status quo and give up unaffordable policies if it is to bring in the excluded and avert extremism.

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The cultural distance between the West and Islam is narrower than Westerners think. Muslim societies are more humane than portrayed in the West, while Western societies often fail to live up to their liberal mythology. Islam has protected other religions and avoided fascism, racism, and genocide. Citizens of Muslim countries may be more vulnerable to their governments and political violence, but their streets are safer and their families more stable. We could all benefit from Islamic values.

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The Arab world has squandered its political inheritance of secular nationalism. In the 1980s, autocracy and young theocratic brigades overtook and exiled the older generation of liberals. The rise of political Islam was accompanied by severe economic decline in the region. But the Middle East is ripe for a post-Islamist era. A modernist Arab alternative requires large-scale economic and political reform and a coming to terms with the two bogeymen—America and Israel.

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The Asia-Pacific will be the main theater of global action in the coming century. If the region is to keep advancing while avoiding Europe's twentieth-century derangements, its key players must together forge a consensus on their future. If the Pacific century is to be pacific and prosperous, the countries of the region must build on common points to lay the groundwork for a community.

The Global Economy and the Nation-State *Peter F. Drucker* 159

Doubters dating back to Immanuel Kant have predicted the demise of the nation-state. And globalization has staged an assault on state sovereignty, exploiting its vulnerabilities in financial markets and elsewhere. But the nation-state has shown amazing resilience. It will persist, albeit in a greatly changed form, especially in its control of domestic fiscal and monetary policies, foreign economic polices, international business, and war.

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History's third technological revolution is transforming national sovereignty, the world economy, and the military. The abundance of information challenges state power as more people demand the freedoms they see enjoyed in other parts of the world. Information increasingly replaces territory and material goods as the source of wealth and power. Computers allow simulation of battles and information warfare. The ability to adapt to these advances will determine which institutions and nations survive the coming decades.

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The state is not disappearing; it is unbundling into its separate, functionally distinct parts. These courts, regulatory agencies, executives, and legislatures are then networking with their counterparts abroad, creating a new, transgovernmental order. While lacking the drama of high politics, transnational government networks are a reality for the internationalists of the 1990s—bankers, lawyers, activists, and criminals. And they may hold the answer to many of the most pressing international challenges of the 21st century.

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America could have had a foreign service second to none. But Washington could not accept any such rigorously selective and nonpolitical corps. And with the diffusion of authority around the globe, many entities from outside the diplomatic world are busy representing their nations abroad, for better or worse.

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Our reviewers pick five or six of the most interesting and important books published over the last 75 years.

The articles in Foreign Affairs *do not represent any consensus of beliefs. We do not expect that readers will sympathize with all the sentiments they find here, for some of our writers will flatly disagree with others; but we hold that while keeping clear of mere vagaries* Foreign Affairs *can do more to inform American public opinion by a broad hospitality to divergent ideas than it can by identifying itself with one school. We do not accept responsibility for the views expressed in any article, signed or unsigned, that appears in these pages. What we do accept is the responsibility for giving them a chance to appear.*

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Editor's Note

Reporting on an Anniversary

The first issue of *Foreign Affairs*, dated September 15, 1922, understandably opened with an Editorial Statement. *Foreign Affairs*, it said, "represents an effort to meet a real need for a review whose dominant purpose is to promote the discussion of current questions of international interest and to serve as the natural medium for the expression of the best thought" from here and abroad.

For 75 years, under five editors, *Foreign Affairs* has striven to meet that need. It has done so by embracing the founding promise to "tolerate wide differences of opinion." This "broad hospitality to divergent ideas" remains the best way that *Foreign Affairs* can guide public opinion.

Over the years, *Foreign Affairs* has informed an important and growing audience, and it is now the world's most widely circulated journal on international affairs. It has also helped shape America's international agenda, a tribute to the quality of its writers.

This special issue, with some of our best-known contributors (and a few new faces as well), looks at the world ahead in politics, economics, communications, and culture. Our distinguished book reviewers took on the daunting task of selecting the five or six most significant books on international affairs published in the last 75 years.

In additional recognition of *Foreign Affairs'* seventy-fifth anniversary, the editors have compiled some of the magazine's most consequential essays in a book entitled *The American Encounter: The United States and the Making of the Modern World* (Basic Books, 1997). This collection charts America's engagement with the world since 1922. It is, in a sense, an intellectual history of the American century.

Finally, on this anniversary *Foreign Affairs* is establishing a Research and Reporting Fund. The fund will allow the magazine to commission more in-depth reportage based on extensive travel and research. Such pieces already appear in *Foreign Affairs* from time to time—Ian Buruma on Taiwan's democracy, Milton Viorst on Iran's aging revolution, and David Rieff on Cuba's anti-Americanism—but because of limited resources, infrequently.

The Research and Reporting Fund will help us commission up to five such articles every year for publication in the magazine and distribution to other media through the New York Times Syndicate. In this era of diminished international news coverage by the general media, *Foreign Affairs'* educational function takes on added importance.

The creation of the fund signals our intention to sustain the excellence that has characterized *Foreign Affairs* during its first 75 years.

James F. Hoge, Jr.
Editor

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Has Democracy a Future?

Arthur Schlesinger, Jr.

THROUGH A GLASS DARKLY

THE TWENTIETH century has no doubt been, as Isaiah Berlin has said, "the most terrible century in Western history." But this terrible century has—or appears to be having—a happy ending. As in melodramas of old, the maiden democracy, bound by villains to the railroad track, is rescued in the nick of time from the onrushing train. As the century draws to a close, both major villains have perished, fascism with a bang, communism with a whimper.

A season of triumphalism has followed. Two centuries ago Kant argued in his *Idea for a Universal History* that the republican form of government was destined to supersede all others. At last the prophecy seemed on the way to fulfillment. Savants hailed "the end of history." "For the first time in all history," President Clinton declared in his second inaugural address, "more people on this planet live under democracy than dictatorship." *The New York Times,* after careful checking, approved: 3.1 billion people live in democracies, 2.66 billion do not. According to end-of-history doctrine as expounded by its prophet, the minority can look forward to "the universalization of Western liberal democracy as the final form of human government."

For historians, this euphoria rang a bell of memory. Did not the same radiant hope accompany the transition from the nineteenth to the twentieth century? This most terrible hundred years in Western history started out in an atmosphere of optimism and high expectations.

ARTHUR SCHLESINGER, JR., is a writer, historian, and former Special Assistant to President Kennedy. This article is based on the James Bryce Lecture on the American Commonwealth, to be delivered at the Institute of United States Studies of the University of London in September.

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CORBIS - BETTMANN

"The world must be safe for democracy."
Woodrow Wilson at Independence Hall, Philadelphia, July 4, 1914

People of good will in 1900 believed in the inevitability of democracy, the invincibility of progress, the decency of human nature, and the coming reign of reason and peace. David Starr Jordan, the president of Stanford University, expressed the mood in his turn-of-the-century book *The Call of the Twentieth Century.* "The man of the Twentieth Century," Jordan predicted, "will be a hopeful man. He will love the world and the world will love him."

Looking back, we recall a century marked a good deal less by love than by hate, irrationality, and atrocity, one that for a long dark passage inspired the gravest forebodings about the very survival of the human race. Democracy, striding confidently into the 1900s, found itself almost at once on the defensive. The Great War, exposing the pretension that democracy would guarantee peace, shattered old structures of security

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and order and unleashed angry energies of revolution—revolution not for democracy but against it. Bolshevism in Russia, Fascism in Italy, Nazism in Germany, militarism in Japan all despised, denounced, and, wherever they could, destroyed individual rights and the processes of self-government.

Democracy's failures handed the initiative to totalitarianism. It could happen again.

In another decade the Great Depression came along to expose the pretension that democracy would guarantee prosperity. A third of the way into the century, democracy seemed a helpless thing, spiritless, paralyzed, doomed. Contempt for democracy spread among elites and masses alike: contempt for parliamentary dithering, for "talking-shops," for liberties of expression and opposition, for bourgeois civility and cowardice, for pragmatic muddling through.

In another decade the Second World War threatened to administer the coup de grace. Liberal society, its back to the wall, fought for its life. There was considerable defeatism in the West. The title of Anne Morrow Lindbergh's 1940 bestseller proclaimed totalitarianism *The Wave of the Future.* It was, she wrote, a "new, and perhaps even ultimately good, conception of humanity trying to come to birth." Hitlerism and Stalinism were merely "scum on the wave of the future . . . The wave of the future is coming and there is no fighting it." By 1941 only about a dozen democracies were left on the planet.

The political, economic, and moral failures of democracy had handed the initiative to totalitarianism. Something like this could happen again. If liberal democracy fails in the 21st century, as it failed in the twentieth, to construct a humane, prosperous, and peaceful world, it will invite the rise of alternative creeds apt to be based, like fascism and communism, on flight from freedom and surrender to authority.

After all, democracy in its modern version—representative government, party competition, the secret ballot, all founded on guarantees of individual rights and freedoms—is at most 200 years old. A majority of the world's inhabitants may be living under democracy in 1997, but democratic hegemony is a mere flash in the long vistas of recorded history. One wonders how deeply democracy has sunk roots in previously nondemocratic countries in the years since the collapse of the

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totalitarian challenges. Now the democratic adventure must confront tremendous pent-up energies that threaten to blow it off course and even drive it onto the rocks.

THE LAW OF ACCELERATION

MUCH OF this energy is pent up within democracy itself. The most fateful source in the United States is race. "The problem of the twentieth century," W.E.B. Du Bois observed in 1900, "is the problem of the color line." His prediction will come to full flower in the 21st century. Minorities seek full membership in the larger American society. Doors slammed in their faces drive them to protest. The revolt against racism has taken time to gather strength. White America belatedly awakens to the cruelties long practiced against nonwhite peoples, and the revolt intensifies. As Tocqueville explained long ago, "Patiently endured so long as it seemed beyond redress, a grievance comes to appear intolerable once the possibility of removing it crosses men's minds. For the mere fact that certain abuses have been remedied draws attention to others, and they now appear more galling; people may suffer less, but their sensibility is exacerbated."

There are other pent-up energies. Modern democracy itself is the political offspring of technology and capitalism, the two most dynamic—that is to say, destabilizing—forces loose in the world today. Both are driven ever onward by self-generated momentum that strains the bonds of social control and of political sovereignty.

Technology created the clock, the printing press, the compass, the steam engine, the power loom, and the other innovations that laid the foundation for capitalism and that in time generated rationalism, individualism, and democracy. At first technological advance was unsystematic and intermittent. Soon it was institutionalized. "The greatest invention of the nineteenth century," said Alfred North Whitehead, "was the invention of the method of invention."

In the twentieth century, scientific and technological innovation increased at an exponential rate. Henry Adams, the most brilliant of American historians, meditated on the acceleration of history. "The world did not double or treble its movement between 1800 and 1900," Adams wrote in 1909, "but, measured by any standard . . . the tension

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and vibration and volume and so-called progression of society were fully a thousand times greater in 1900 than in 1800;—the force had doubled ten times over, and the speed, when measured by electrical standards as in telegraphy, approached infinity, and had annihilated both space and time." Nothing, Adams thought, could slow this process, for "the law of acceleration . . . cannot be supposed to relax its energy to suit the convenience of man."

The law of acceleration now hurtles us into a new age. The shift from a factory-based to a computer-based economy is more traumatic even than our great-grandparents' shift from a farm-based to a factory-based economy. The Industrial Revolution extended over generations and allowed time for human and institutional adjustment. The Computer Revolution is far swifter, more concentrated, and more drastic in its impact.

HYPERINTERACTIVE STATE

THE COMPUTERIZED world poses problems for democracy. Where the Industrial Revolution created more jobs than it destroyed, the Computer Revolution threatens to destroy more jobs than it creates. It also threatens to erect new and rigid class barriers, especially between the well-educated and the ill-educated. Economic inequality has already grown in the United Stares to the point where disparities are greater in egalitarian America than in the class-ridden societies of Europe. Felix Rohatyn, the investment banker and rescuer of a bankrupt New York City, speaks of the "huge transfers of wealth from lower-skilled middle-class workers to the owners of capital assets and to a new technological aristocracy." Those who skip or flunk the computer will fall into the *Blade Runner* proletariat, a snarling, embittered, violent underclass.

The computer will also affect the procedures of democratic politics. James Madison in *The Federalist Papers* distinguished between "pure democracy," by which he meant a system in which citizens assemble and administer the government in person, and a republic, by which he meant a system in which the majority expresses its will through "a scheme of representation." For most of American history, "pure democracy" was necessarily limited to town meetings in small villages.

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Now the interactivity introduced by the Computer Revolution makes "pure democracy" technically feasible on a national scale.

Brian Beedham in an article in the December 21, 1996, *Economist* applauds this development, claiming representative democracy is "a half-finished thing." Every citizen, Beedham argues, is entitled to an equal say in the conduct of public affairs. The rise of public opinion polls, focus groups, and referendums suggests popular demand for a finished democracy. With a nation of computers plugged into information and communication networks, "full democracy" is just around the corner. Full democracy, pure democracy, plebiscitary democracy, direct democracy, cyberdemocracy, the electronic town hall: under whatever name, is this a desirable prospect?

Perhaps not. Interactivity encourages instant responses, discourages second thoughts, and offers outlets for demagoguery, egomania, insult, and hate. Listen to talk radio! In too interactive a polity, a "'common passion," as Madison thought, could sweep through a people and lead to emotional and ill-judged actions. Remembering the explosion of popular indignation when President Truman fired General Douglas MacArthur, one is grateful that the electronic town hall was not running the country in 1951. The Internet has done little thus far to foster the reasoned exchanges that in Madison's words "refine and enlarge the public views."

UNBRIDLED CAPITALISM

WHILE THE onrush of technology creates new substantive problems and promises to revise the political system through which we deal with them, the onrush of capitalism may have even more disruptive consequences. Let us understand the relationship between capitalism and democracy. Democracy is impossible without private ownership because private property—resources beyond the arbitrary reach of the state—provides the only secure basis for political opposition and intellectual freedom. But the capitalist market is no guarantee of democracy, as Deng Xiaoping, Lee Kuan Yew, Pinochet, and Franco, not to mention Hitler and Mussolini, have amply demonstrated. Democracy requires capitalism, but capitalism does not require democracy, at least in the short run.

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Capitalism has proved itself the supreme engine of innovation, production, and distribution. But its method, as it careens ahead, heedless of little beyond its own profits, is what Joseph Schumpeter called "creative destruction." In its economic theory, capitalism rests on the concept of equilibrium. In practice, its very virtues drive it toward disequilibrium. This is the dilemma of contemporary conservatism. The unfettered market conservatives worship undermines the values—stability, morality, family, community, work, discipline, delayed gratification—conservatives avow. The glitter of the marketplace, the greed, the short-termism, the exploitation of prurient appetites, the ease of fraud, the devil-take-the-hindmost ethos—all these are at war with purported conservative ideals. "Stationary capitalism," as Schumpeter said, "is a contradiction in terms."

Even premier capitalists are appalled by what runaway capitalism has wrought. If understanding of capitalism can be measured by success in making money out of it, no one understands contemporary capitalism better than the financier and philanthropist George Soros. "Although I have made a fortune in the financial markets," Soros writes, "I now fear that the untrammeled intensification of laissez-faire capitalism and the spread of market values into all areas of life is endangering our open and democratic society." The "uninhibited pursuit of self-interest," Soros continues, results in "intolerable inequities and instability."

The Computer Revolution offers wondrous new possibilities for creative destruction. One goal of capitalist creativity is the globalized economy. One—unplanned—candidate for capitalist destruction is the nation-state, the traditional site of democracy. The computer turns the untrammeled market into a global juggernaut crashing across frontiers, enfeebling national powers of taxation and regulation, undercutting national management of interest rates and exchange rates, widening disparities of wealth both within and between nations, dragging down labor standards, degrading the environment, denying nations the shaping of their own economic destiny, accountable to no one, creating a world economy without a world polity. Cyberspace is beyond national control. No authorities exist to provide international control. Where is democracy now?

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THE ASIAN SHIFT

THE END of the Eurocentric era raises further problems for democracy. Self-government, individual rights, equality before the law are European inventions. Now the age of the Pacific is upon us. The breakthrough of Japan in the century coming to an end heralds the breakthrough of China and India in the century ahead. The economic magnetism of Asia is already altering the contours of the global economy, and foreshadows historic shifts in the planetary balance of power.

I am not greatly concerned about the "clash of civilizations" that worries some thoughtful analysts. Civilizations are rarely unified. Countries within the same civilization are more likely to fight with each other than to join in monolithic assaults on other civilizations. But the impact of the rise of Asia on the future of democracy is worth consideration. The Asian tradition, we are told, values the group more than the individual, order more than argument, authority more than liberty, solidarity more than freedom. Some Asian leaders, notably Lee Kuan Yew of Singapore and Mahathir bin Mohamad of Malaysia, love to contrast Asian discipline and stability with the disorder and decadence they impute to the individualistic West. They denounce the attempt to hold Asian countries to Western democratic standards as the new form of Western imperialism.

Nevertheless, both India and Japan are functioning democracies. If the claim that human rights are universal is proof of Western arrogance, the restriction of those rights to Europe and the Americas brands non-Western peoples as lesser breeds incapable of appreciating personal liberty and self-government, and that is surely Western arrogance too. In fact, many Asians fight for human rights, and at the risk of their freedom and their lives. "Why do we assume," asks Christopher Patten, the last British governor of Hong Kong, "that Lee Kuan Yew is the embodiment of Asian values rather than Daw Aung San Suu Kyi," the courageous opposition leader under prolonged house arrest in Burma? A pre-Tiananmen Square wall poster in Beijing proclaimed: "We cannot tolerate that human rights and democracy are only slogans of the Western bourgeoisie and the Eastern proletariat only needs dictatorship." In the words of the Indian economist Amartya Sen, "The so-called Asian values

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that are invoked to justify authoritarianism are not especially Asian in any significant sense." Chris Patten concludes, "I think the Asian value debate is piffle. What are these Asian values? When you home in on what one or two Asian leaders mean by them, what they actually mean is that anyone who disagrees with me should shut up."

Still, the new salience of Asia on the world scene, the absence of historical predilections for democracy, and the self-interest of rulers who see democracy as a threat to their power suggest a period of Asian resistance to the spread of the democratic idea.

CULTURE LASHES BACK

THAT RESISTANCE will be reinforced by the defensive reaction around the planet to relentless globalization—a reaction that takes the form of withdrawal from modernity. The world today is torn in opposite directions. Globalization is in the saddle and rides mankind, but at the same time drives people to seek refuge from its powerful forces beyond their control and comprehension. They retreat into familiar, intelligible, protective units. They crave the politics of identity. The faster the world integrates, the more people will huddle in their religious or ethnic or tribal enclaves. Integration and disintegration feed on each other.

A militant expression of what Samuel Huntington calls cultural backlash is the upsurge of religious fundamentalism. Islamic fundamentalism seems especially hostile to freedom of expression, to women's rights, and, contrary to historical Islam, to other religions. Nor is the fundamentalist revival confined to the Third World. Many people living lives of quiet desperation in modern societies hunger for transcendent meaning and turn to inerrant faith for solace and support.

According to a 1995 Gallup poll, more than a third of American adults claim that God speaks to them directly. One hopes it is the God of love rather than the God of wrath on the other end of the line. Fundamentalism, carried too far, has ominous implications for democracy. Those who believe they are executing the will of the Almighty are notably harsh on nonbelievers. A fanatic, as the Irish-American wit Finley Peter Dunne's Mr. Dooley once observed, "does what he thinks th' Lord wud do if He only knew th' facts in th' case." Fanaticism is the mortal enemy of democracy.

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Back to the question: Has democracy a future? Yes, Virginia, it does, but not the glorious future predicted in the triumphalist moment. Democracy has survived the twentieth century by the skin of its teeth. It will not enjoy a free ride through the century to come.

In America, democracy must run a gauntlet of challenges. The most crucial is still Du Bois' color line. Much depends on the availability of jobs, especially in the inner city. If employment remains high, political action will mitigate racial tensions, particularly when minorities understand that in the longer run ethnic gerrymandering will reduce, not increase, their influence. Tension will be mitigated even more by intermarriage. Sex—and love—between people of different creeds and colors can probably be counted on to arrest the disuniting of America.

Globalization rides mankind, but drives people to take refuge from its powerful forces.

The national capacity to absorb and assimilate newcomers will remain powerful. The call of the mainstream will appeal far more than linguistic or ethnic ghettos, above all to the young. English will continue as the dominant language. Indeed, in essentials the national character will be recognizably much as it has been for a couple of centuries. People seeking clues to the American mystery will still read, and quote, Tocqueville.

Technology will rush on according to Adams' law of acceleration. But for all the temptations of interactivity and all the unpopularity of elected officials, I doubt that Americans will sanction the degradation of representative democracy into a system of plebiscites. Capitalism too will careen on, through downs as well as ups, but laissez-faire ideology will probably wane as capitalists discover the range of troubles the unfettered market cannot solve, or makes worse. Unbridled capitalism, with low wages, long hours, and exploited workers, excites social resentment, revives class warfare, and infuses Marxism with new life. To move along constructive lines, capitalism must subordinate short-term plans and profits to such long-term social necessities as investment in education, research and development, environmental protection, the extension of health care, the rehabilitation of infrastructure, the redemption of the city. Capitalists are not likely to do this by themselves. Long-term perspectives demand public leadership and affirmative government.

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In the world at large, can capitalism, once loose from national moorings, be held to social accountability? Will international institutions acquire the authority to impose, for example, a global SEC? This won't happen next week, but continuing abuse of power will build a constituency for reform. Wars will still disturb the tenor of life, but where in the past they generally arose from aggression across national frontiers, the wars of the 21st century will more likely be between ethnic, religious, ideological, or tribal factions within the same country. Such wars are harder to define and to control. Let us pray that no factional zealot gets hold of an atomic bomb.

Nation-states will continue to decline as effective power units: too small for the big problems, as the sociologist Daniel Bell has said, and too big for the small problems. Despite this decline, nationalism will persist as the most potent of political emotions. Whether democracy, a Western creation, can be transplanted to parts of the world with different cultures and traditions is far from certain. Yet I would expect a gradual expansion of democratic institutions and ideals. It is hard to believe that the instinct for political and intellectual freedom is limited to a happy few around the North Atlantic littoral.

Democracy in the 21st century must manage the pressures of race, of technology, and of capitalism, and it must cope with the spiritual frustrations and yearnings generated in the vast anonymity of global society. The great strength of democracy is its capacity for self-correction. Intelligent diagnosis and guidance are essential. "Perhaps no form of government," said the historian and diplomat Lord Bryce, "needs great leaders so much as democracy." Yet even the greatest of democratic leaders lack the talent to cajole violent, retrograde, and intractable humankind into utopia. Still, with the failures of democracy in the twentieth century at the back of their minds, leaders in the century to come may do a better job than we have done of making the world safe for democracy.

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How America Does It

Josef Joffe

UNMATCHED AND UNCHALLENGED

THE PRINCIPAL paradox of the post–Cold War era is the unchallenged primacy of the United States. Though America is the "last remaining superpower" in the year A.B. 7 (After Bipolarity), no nation has flung down the gauntlet. None has unleashed an arms race, none has tried to engineer a hostile coalition. The United States faces neither an existential enemy nor the threat of encirclement as far as the eye can see.

This was not supposed to happen after the self-dismemberment of No. 2, the Soviet Union, on Christmas Day 1991. History and theory tell us that the international system abhors primacy. Hence the United States should have become the object of mistrust, fear, and containment. Its Cold War alliance system should have collapsed, and its members should have defected to aggregate their power against the United States. The signal from Nos. 2, 3, 4, etc., should have been: We shall draw a new line in the sand; you shall not enjoy the fruits of your exalted position.

But instead of eroding, the American alliance system is expanding. At the July NATO summit in Madrid, three eager candidates were invited to join, leaving half a dozen other frustrated hopefuls behind. Why should this be counterintuitive and counter-historical? The answer is simple: no alliance in history has ever survived victory.

The all-European coalition against Napoleon, victorious in 1815, had unraveled by 1822. The World War I entente against Germany was a dead letter by the early 1920s. The Soviet-American partnership of

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World War II was the most dramatic instance. It survived triumph by only a few months; by 1948 Moscow and Washington were mortal rivals, straining to contain each other.

Nor is this deadly disease just an accident of history. For victory robs alliances of their raison d'être. When the threat disappears, so does the glue that binds nations in alliance. Worse, once partners no longer need to worry about a common foe, they begin to eye each other. They ask: How will yesterday's comrade-in-arms use its unshackled power tomorrow? With nothing to absorb its attention, will it not turn against me? Rivalry flares—or resumes—as the victors face only one another. Hardly had the Versailles Treaty been sealed in 1919 when Britain returned to its older strategy of balancing against France, even though the real threat emanated from revisionist Germany.

Britain's strategy was anti-hegemonism without entanglement.

Why, then, aren't others ganging up on No. 1? Why does America not suffer the same fate as the Hapsburg empire of Charles V and Philip II, the France of Louis XIV and Napoleon I, the Germany of Wilhelm and Adolf, the Russia of Stalin and Khrushchev?

Is it because America is like Rome in its imperial heyday, a power that simply defied resistance? Rome was a unique exception. Nobody balanced against Rome because it was practically identical with the international system itself—the lands that stretched from the British Isles to North Africa, from the Levant to Lusitania. Having undone rivals like Carthage and Macedonia, Rome had to contend only with rebellious tribes such as the Gauls and Germans, not with states or other empires. Nobody balanced against Rome because there were no balancers.

But the United States does face worthy competitors capable of containing it, if not singly, then in combination. There is the European Union (EU), with two nuclear powers and an economy larger than America's. Minus its Soviet empire, Russia still stretches across 11 time zones and retains a mighty nuclear arsenal. There is Japan, with the second-largest economy in the world, and there is nuclear China, with the largest population and a history of hostility to the United States. India is a secondary could-be.

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CORBIS - BETTMANN

Love conquers all: Kuwait City, February 28, 1991

Boris Yeltsin and Jiang Zemin huddled in Moscow in April and came up with a "strategic partnership" against culprits unnamed—against those who would "push the world toward a unipolar order." In May, it was the turn of French President Jacques Chirac and the Chinese president to make anti-hegemonic noises, invoking a new world order with other "power centers besides the United States."

In the nineteenth century, such textbook moves would have shaken chancelleries and general staffs around the world. This is what nations have always done to squeeze No. 1: join forces, craft outflanking alliances. The purpose was to neutralize its power or diminish it by force of war. This time, Presidents Yeltsin and Chirac barely made the evening news when they embraced Jiang. The Chinese connection appeared a sheer anachronism, a pale copy of a mainstay of statecraft in centuries past.

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THE CLASSICAL BALANCE OF POWER

How does one crack the paradox of America's unchallenged primacy? First, let us look at the nature and behavior of this peculiar American beast.

In the days of Charles and Louis, counter-alliances formed rapidly because expansion and war was the full-time job of those potentates. Consider an upstart like Frederick the Great. Hardly anointed as king of Prussia, he embarked on a career of conquest. But even against such a minor player, the system did kick in. At the beginning of the Seven Years' War (1756-1763), a Franco-Austrian treaty pledged to reduce his power "within such boundaries that he will not in the future be able to disturb the public tranquillity."

America is different. It irks and domineers, but it does not conquer. It tries to call the shots and bend the rules, but it does not go to war for land and glory. Indeed, the last time the United States actually grabbed territory was a hundred years ago, when it relieved Spain of Cuba and the Philippines. For the balance-of-power machinery to crank up, it makes a difference whether the rest of the world faces a huge but usually placid elephant or a carnivorous Tyrannosaurus rex. Those who coerce or subjugate others are far more likely to inspire hostile alliances than nations that contain themselves, as it were.

The grand strategy of this mammoth is also quite different. Short of reaching for hegemony, as did the Hapsburgs and the Hitlers, a power like the United States faces only one choice: keep everybody else from uniting against it. How? History and logic offer only two alternatives. The paramount power tries to render hostile coalitions either impossible or unnecessary; it seeks to prevent or preempt them. "Britain" and "Bismarck" provide useful labels for these two approaches.

Imperial Britain's strategy was to capitalize on its great advantage of insularity—to stay aloof from the quarrels of Europe, if possible, and to intervene against the hegemonist of the day when necessary. The purpose was to reduce the other powers' incentives for ganging up, or to break up the gang when it formed nonetheless.

Bismarck's grand strategy was the opposite extreme: not intermittent intervention, but permanent entanglement. To banish his "nightmare

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of coalitions," the Iron Chancellor sought to cement better relations with all contenders than they might establish among themselves. As long as all these relationships converged in Berlin like spokes in a hub, Germany would be the manager, not the victim, of European diplomacy. Consciously or not, the United States has adopted a grand strategy that is less and less "Britain" and more and more "Bismarck."[1]

BALANCING À LA BRITAIN

HENRY VIII was the first to make his country's grand strategy explicit with the maxim *Cui adhaero praeest,* "Whom I support, will prevail." By 1577, Elizabeth I was the "Umpire betwixt the Spaniards, the French, and the Estates," wrote the historian William Camden in 1615. "France and Spain are as it were the Scales in the Balance of Europe, and England the Tongue or the Holder of the Balance."

In the words of Winston Churchill, speaking in 1936 to the conservative members of the Foreign Affairs Committee, "For four hundred years the foreign policy of England has been to oppose the strongest, most aggressive, most dominating Power on the Continent . . . Faced by Philip II of Spain, against Louis XIV under William III and Marlborough, against Napoleon, against William II of Germany, it would have been easy . . . to join with the strongest and share the fruits of his conquest. However, we always took the harder course, joined with the less strong Powers, made a combination among them, and thus defeated and frustrated the continental military tyrant."

This is the traditional, if idealized, rendition of British grand strategy. In the great European struggles for supremacy, Britain engineered those continental coalitions that brought down the Hapsburgs and the Hitlers. It would fight with and against France, the Netherlands, Austria, and Prussia-Germany. The basic principle was anti-hegemonism without entanglement. In the words of Castlereagh in a confidential paper in 1820, "When the Territorial

[1]For an elaboration of the following, see my "'Bismarck' or 'Britain'? Toward an American Grand Strategy after Bipolarity," *International Security,* Spring 1995, pp. 94-117.

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Balance of Europe is disturbed," Britain "can interfere with effect . . . We shall be found in our Place when actual danger menaces the System of Europe; but this Country cannot, and will not, act upon . . . Principles of Precaution." And in a letter in the same year, "[O]ur true policy has always been not to interfere except in great emergencies and then with a commanding force."

Extraordinarily successful, this strategy secured Britain's exalted status as the only global power for about two centuries. Until World War I, when Britain lost an entire generation in the trenches of Flanders, the strategy was also enormously economical. As Spain, France, Austria, and the Netherlands exhausted themselves in an endless series of continental wars, Britain played out the essential advantages of an island-based sea power.

Bismarck sought to devalue alliances against Germany.

Analogous to the situation of the United States, insularity granted Britain the rare gift of immunity from direct attack as long as the Royal Navy controlled the seas. Mastery of the seas multiplied options and reduced costs. Compared with the expense of keeping and moving large armies, dispatch of the fleet (in the U.S. case, add the air force) was not just cheaper; it allowed for speed, hence strategic surprise at points chosen by the attacker. Like America's decisive battles at Midway, Britain's decisive battles were won at sea—against the Spanish Armada and at Trafalgar—and at far smaller cost than Napoleon's victory at Borodino.

The name of the game was balance, not conquest—at least not in Europe. Tipping the scales is cheaper than providing the full weight of countervailing power. Even more economical than breaking up hostile coalitions is to preempt them by providing no incentives for ganging up. By withdrawing from the European system after victory, Britain removed itself as a target. The no-conquest rule also reduced future costs by leaving no permanent enmities on the books. Unlike those archenemies France and Germany, Britain could thus maximize alliance options in the next round. And so, Britain could always mastermind those superior coalitions that brought down the hegemonist du jour. This was, mutatis mutandis, American grand strategy in World War I and World War II.

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BISMARCK'S LEAGUE OF PEACE

THE OPPOSITE paradigm, and one more apropos of contemporary America, was designed by Bismarck after Germany's unification in 1871. This new player was now the mightiest actor on the European stage—akin to the present-day United States globally. "What had become clear to Europe was that primacy had passed from France to Germany," notes the British historian John A. Grenville in his 1976 book *Europe Reshaped, 1848-1878,* and he quotes Disraeli to make the point: "You have a new world . . . The balance of power has been entirely destroyed." But precisely for that reason, the Second Reich was also the most vulnerable player in the great-power game.

Isolation à la Britain was impossible, encircled as Germany was by four great powers, one of which, France, harbored a permanent desire for *revanche.* Bismarck's enduring problem was Frederick's *cauchemar des coalitions* on a grander scale. Germany could hold off any challenger, but it could not dominate all of them at once. The solution was limned in the famous *Kissinger Diktat,* formulated by Bismarck at his summer retreat, Bad Kissingen, in June 1877: the creation of a "universal political situation in which all the powers except France need us and, by dint of their mutual relations, are kept as much as is possible from forming coalitions against us."

Bismarck's metaphor for the Second Reich was the *Bleigewicht am Stehaufmännchen Europa,* the dead weight in the tumbler doll that was Europe. Germany had to manage Europe's fragile equilibrium from the center. Berlin had to neutralize the forces that drove Russia and Austria toward collision in the Balkans, that threatened to embroil Britain and Russia in the arc of crisis running from Turkey to Afghanistan, and that might tempt each of the three to look for French help.

How to play the "dead weight"? For a few years, Bismarck tried going it alone *à l'anglaise.* But when he realized that Germany lacked both gravity and invulnerability, Bismarck contracted a lasting case of pactomania. The centerpiece was the 1879 Dual Alliance with Austria against Russia. Two years later, that axis was embedded in a revived Three Emperors' League with Russia, where each ruler pledged benevolent neutrality to the others in a war with a fourth power, that is, France.

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Thus Bismarck added the "Saburov Rule" to the *Kissinger Diktat.* "All politics," he told the Russian ambassador in Berlin, "can be reduced to this formula: Try to be in a threesome as long as the world is governed by the precarious equilibrium of five great powers. That is the true protection against coalitions."

By 1883 Bismarck's alliances covered half of Europe, including Serbia, Romania, and Italy. Finally, after the Three Emperors' League had collapsed under the weight of Austro-Russian rivalries, Bismarck struck a secret deal with the czar: the legendary Reinsurance Treaty of 1887. Each pledged benevolent neutrality in case the other was attacked by its principal foe—Germany by France, Russia by Austria.

What was the purpose of these contradictory commitments? Bismarck did not construct his system to aggregate power, but to devalue it—balancing and stalemating like the British, but in totally un-British ways. He dreaded the marriage of Germany's flanking powers. And so this intricate web would preserve Germany's position by making hostile coalitions—indeed, war itself—impossible. If all but France were bound to Berlin, if none could move without being tripped by that net, each would stay in place—and with it the European status quo profoundly destabilized by the enormous but not supreme power of the Second Reich.

THE GLOBAL GAME

RECALLING THESE two paradigms helps one understand why the United States remains in the cozy position of an unchallenged No. 1. America is a bit like Britain and a lot like Bismarck's Germany, but with far more clout than either, and on a global scale. To Britain's insularity and superior navy, the United States has added an unmatched air force and the greatest deterrent of all: nuclear weapons. Though virtually neutralized as an offensive weapon, this revolutionary technology has unhinged one mechanism of the balance of power. Nuclear weapons cannot be aggregated like the armies of yore. Even if Russia, China, et al. coalesced, the United States could still deter them as long as it could inflict unacceptable damage on each and all. In the conventional arena, numbers mattered. On the nuclear chessboard, it is the speed, reach, and invulnerability of weapons and C-3 (command,

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control, and communications) systems. In the nuclear age, ganging up does not threaten America's core security. Indeed, because they can deter all comers, nuclear weapons are an isolationist's dream.[2]

But unlike yesterday's Britain, the United States no longer has the isolationist option. Britain was not really part of the European great-power system; by regularly shifting to overseas expansion, Britain rarely offered a target for countervailing alliances. But contemporary America is more like Bismarck's Germany writ large. Its interests and its presence span the globe; the United States is always in harm's way. Nor can the United States rely on the other great powers to stalemate each other. (How would the EU balance China?)

The United States plays the British game only regionally—when it masterminds a coalition against Saddam Hussein or tips the scales in favor of NATO's intervention against the Serbs in the recent Balkan conflict. Like Britain, the United States minimizes itself as a target by staying offshore as an over-the-horizon presence in the western Pacific and Mediterranean. Where the United States does commit ground forces, as in Japan, South Korea, and Western Europe, their presence is accepted as legitimate.

But the global game is essentially a Bismarckian one, and that explains why the rest of the world is not moving in on the United States. Recall the *Kissinger Diktat*. The task was to work out a "universal political situation in which all the powers except France need us and . . . are kept as much as is possible from forming coalitions against us." The appropriate metaphor is that of hub and spoke. The hub is Washington, and the spokes are Western Europe, Japan, China, Russia, and the Middle East. For all their antagonism toward the United States, their association with the hub is more important to them than are their ties to one another.

In the Pacific, the United States has fought wars against Japan, North Korea–China, and North Vietnam (supported by the Soviet Union). Yet today the United States has better relations with Russia, China, Japan, and South Korea (and of course Taiwan) than these states

[2]See the seminal formulation of this point by Kenneth N. Waltz, *The Spread of Nuclear Weapons: More May Be Better*, Adelphi Papers, London: Institute for Strategic Studies, No. 171, 1981.

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have with one another. Lesser states like Thailand or even Vietnam would rather huddle under the American umbrella than be exposed to the larger Pacific powers. Despite their newly minted "strategic partnership," China and Russia look to the United States as an implicit ally against each other. All Asia counts on the U.S. security guarantee to keep Japan from converting its economic *richesse* into military prowess. And though each has played its own game with North Korea, China and Russia have been quite content to let the United States carry the burden of constraining Pyongyang's nuclear ambitions.

In the Middle East, the world's most labile region, the United States inserted its spoke 40 years ago by ending the imperial careers of Britain and France during the 1956 Suez War. Now everybody but Iraq and Iran looks to Washington to help sort out their ancient quarrels, with the United States dispensing side payments in the form of economic and military aid to its various clients and tacit guarantees of everybody's security against everybody else. When the Palestine Liberation Organization and Jordan made peace with Israel in 1993 and 1994, the signings took place in the White House Rose Garden. When local culprits like Iraq needed chastening, the United States organized the international posse. Bismarck could not even have dreamed of such a successful hub-and-spoke operation in nineteenth-century Europe.

Western Europe has been linked to the Washington hub since 1945—if also for reasons that have lost some persuasiveness since the end of the Cold War. At least since de Gaulle, France has pursued a halfhearted balancing strategy against the United States, trying to organize a competitive orbit. Nonetheless, the game does not work. Britain, Germany, Italy, even France need the United States as a security lender of last resort—as balancer against a resurgent Russia as well as against each other. It is nice to have an extracontinental player in the game that is bigger than each and all but also more of an elephant than a Tyrannosaurus. Also, Europe is a long way from *e pluribus unum* and thus not very good at producing public goods like security. After three years of European humiliation at the hands of the Serbs, it was American cruise missiles that sobered up Messrs. Karadžić and Milošević.

In the meantime, Washington has also managed to recruit Yeltsin's Russia into its orbit. It was George Bush who eased Moscow's fall from empire while running interference for Helmut Kohl as he fumbled his

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way to reunification. It was Bill Clinton who defined the basic terms of Russia's association with the Western alliance and who manned the gate through which Poland, the Czech Republic, and Hungary could march into NATO. Just before the Madrid summit, France executed a classic anti-American gambit, trying to mobilize European pressure for the admission of Slovenia and Romania. It did not work because no European nation was really willing to confront the United States. For all of Europe's widening web of economic and monetary integration, the spokes of grand strategy continue to converge in Washington.

IMPERIAL SOFT POWER

AT THE threshold of the 21st century, America is a size XXL Bismarckian empire—the indispensable impresario of all critical endeavors, and not the object of encirclement. But there is more—a new game Bismarck would not have understood that favors the United States as the last remaining superpower.

The classical balance-of-power game will never disappear as long as there are sovereign entities living in a state of nature. But the classical game is receding; Saddam Hussein and Radovan Karadžić no longer define the essence, or the bulk, of world politics. And that has to do with the devaluation of military power and the changing stakes of international relations.

Setting aside war for strategic resources like oil and water in the Middle East, or population wars, as in Africa, what is the point of conquering land and people? Land in the developed world no longer spells riches, but more agricultural surpluses and hence higher support payments. Machiavelli thought it easier to acquire riches with good armies than vice versa, "for gold alone will not produce good soldiers, but good soldiers will always produce gold." But as Saddam's soldiers found out in Kuwait City, the money was gone—whisked away at the speed of a modem. Population as such has also been devalued in the post-agrarian, post-infantry age. What counts is highly trained and highly motivated people. But machine guns do not motivate. Worse, knowledge workers are almost as mobile as money. In short, conquest isn't what it used to be. An important incentive for war and alliances has disappeared.

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Let's make no mistake about it. Hard power—men and missiles, guns and ships—still counts. It is the ultimate, because existential, currency of power. But on the day-to-day level, "soft power," a term introduced by the scholar Joseph S. Nye, is the more interesting coin. It is less coercive and less tangible. The classic way was to force other nations to do what they did not want to do, ultimately by costly war. Today there is a much bigger payoff in getting others to want what you want, and that has to do with the attraction of one's ideas, with agenda-setting, with ideology and institutions, and with holding out big prizes for cooperation, such as the vastness and sophistication of one's market.

So long as the United States remains the ally of choice, it will remain the preeminent power.

Soft power is cultural and economic power, and very different from its military kin. The United States has the most sophisticated, not the largest, military establishment in the world. But it is definitely in a class of its own in the soft-power game. On that table, China, Russia, Japan, and even Western Europe cannot hope to match the pile of chips the United States holds. People are risking death on the high seas to get into the United States, not China. There are not too many who want to go for an M.B.A. at Moscow University, or dress and dance like the Japanese. Sadly, fewer and fewer students want to learn French or German. English, the American-accented version, has become the world's language.

This type of power—a culture that radiates outward and a market that draws inward—rests on pull, not on push; on acceptance, not on conquest. Worse, this kind of power cannot be aggregated, nor can it be balanced. In this arena, all of them together—Europe, Japan, China, and Russia—cannot gang up on the United States as in an alliance of yesteryear. All their movie studios together could not break the hold of Hollywood. Nor could a consortium of their universities dethrone Harvard et al., which dominate academia while luring the best and the brightest from abroad.

Against cultural power, aggregation does not work. Might it work in the economic sphere? There is always the option of trade blocs–cum–protectionism. But which West European country would want to be in the same market with Russia? The EU by itself? That would imply forgoing the competitive pressures and the diffusion of

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technology that global markets provide. Nor would European welfare improve if the United States, the largest import market in the world, were to retaliate against the EU with its own trade walls.

This is where the game has changed most profoundly. The old game of nations was zero-sum: my gains are your losses. But in the new game, not only do all win and lose together (that was true in 1914 too, when Britain and Germany fell upon each other even though they were each other's best customers) but nations worry less about one another's disproportionate gains from common enterprises because the connection between strategy and economics has loosened.

In theory, the United States should worry greatly about China's double-digit growth—as did Britain with regard to Germany from the 1890s onward. In the old days, Britain and Napoleon's France blockaded each other's trade because the strategic imperative dwarfed the economic one. Today, Europe and America *threaten* each other with economic warfare when negotiations stall. But threats are where the conflict usually stops because everyone is deadly afraid of destroying the global trading system. America's rivals would rather deal with the country's surfeit of soft power by competition, imitation, and industrial espionage (and vice versa) because the costs of employing economic warfare as a handmaiden of strategy are too high.

Neither the American makers nor the American consumers of Nike shoes would happily countenance trade barriers against China because that would drive up costs and drive down real incomes. If the allure of warfare has paled, while welfare shines ever more brightly, then isolation and noncooperation have become long-term loss leaders. This is why the "strategic partnership" forged by Russia and China appears so anachronistic in 1997. What are they going to do about America? Boris Yeltsin will hardly want to shop for know-how and computers in Beijing. And China will not want to risk its most important export market.

DO UNTO OTHERS. . .

"POURVU QUE ÇA DURE," "as long as it lasts," was the prudent counsel of Napoleon's mother-in-law. America unmatched and unchallenged—why should this history-defying condition endure? Bismarck's hub-and-spoke operation is hardly a reassuring precedent.

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He managed to keep Europe's No. 1 out of encirclement for 20 years, until 1890; then the inexorable slide toward World War I began. Europe's hegemonists before and after fared far worse than the grand manipulator. Their lot was endless war and, finally, defeat. Might America defy history's grim verdict in the century to come?

Little in its own history has prepared the United States for this awesome task. The nation was conceived in the revolt against power politics; afterward, a century of safety and continental expansion nicely vindicated Washington's and Jefferson's counsel against entanglement. Today there is again a surfeit of security, and postmodern democracy, least of all the American one, does not look kindly on such notions as reasons of state, let alone global responsibility. Contemporary democracy is not just selfish, but self-referential. And primacy does not come cheap, even in an age when No. 1 does not have to fight wars to break up hostile coalitions, as Britain had to do.

So what is in it for the United States as it weighs the burden that comes with the power and the glory? Above all, the fundamentals are as benign as could be. While Nos. 2, 3, 4, and 5 surely resent America's clout, they have also found it useful to have a player like the United States in the game. Europe and Japan regularly suffer from America's commercial *hauteur,* but they also know that the United States is the ultimate guarantor of the global free trade system. Britain and France almost came to blows with the United States over "lift and strike" in the Bosnian war, but in 1995 they were only too happy to let American cruise missiles and Assistant Secretary of State Richard Holbrooke bludgeon the Serbs to the negotiating table. Egyptians, Saudis, and Syrians hardly love the United States, but they too were cooperative when George Bush mobilized an international posse against Saddam Hussein.

When lesser powers cannot deter China in the Taiwan Strait, or persuade North Korea to denuclearize, it is indispensable to have someone with the will and the wherewithal to do what others wish but cannot achieve on their own. In the language of "public goods" theory, there must always be somebody who will recruit individual producers, organize the start-up, and generally assume a disproportionate burden in the enterprise. That is as true in international affairs as it is in grassroots politics.

Charles, Philip, et al. sought to conquer. The United States has built institutions, which is another word for "public goods"—that is

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the difference. Even a brillant manipulator like Bismarck never thought much beyond Germany; the main purpose of his crafty constructions was not to benefit Europe, but his own country. Nor did he devise systems that would transcend the narrow purposes of an alliance. The genius of American diplomacy in the second half of this century was building institutions that would advance American interests by serving others. Who can count the acronyms made in the U.S.A.—from NATO to GATT, from the OECD to the PFP?

Why pay the bill? By providing security for others, in Europe, the Middle East, and the Pacific, the United States has also bought security for itself. Stability is its own reward because it prevents worse: arms races, nuclear proliferation, actual conflicts that might draw in bystanders. Enlarging NATO, though costly to the American taxpayer, brings profits to both Poland and the United States because anything that secures the realm of liberal democracy benefits its leading representative. Shoring up the World Trade Organization, even when it pronounces against Washington, is still good for America because, as the world's largest exporter, it has the greatest interest in free trade.

Are the costs of producing "public goods" intolerable? Not if one looks beyond dollars and cents. Conductors turn 80 solo players into a symphony orchestra, brokers represent and adjust the interests of all parties; their labor is the source of their influence. And so a truly great power must do more than merely deny others the reason and opportunity for ganging up. It must also provide essential services. Those who do for others engage in systemic supply-side economics: They create a demand for their services, and that translates into political profits, also known as leadership.

In short, power exacts responsibility, and responsibility requires a vision that transcends niggardly self-interest. The task is Bismarck-plus. As long as the United States continues to provide public goods, envy and resentment will not escalate into the fear and loathing that spawn hostile combinations. "Do good for others in order to do well for yourself," is the proper maxim for an unchallenged No. 1. Great powers remain great if they promote their own interests by serving those of others.

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The Erosion of American National Interests

Samuel P. Huntington

THE DISINTEGRATION OF IDENTITY

THE YEARS since the end of the Cold War have seen intense, wide-ranging, and confused debates about American national interests. Much of this confusion stems from the complexity of the post–Cold War world. The new environment has been variously interpreted as involving the end of history, bipolar conflict between rich and poor countries, movement back to a future of traditional power politics, the proliferation of ethnic conflict verging on anarchy, the clash of civilizations, and conflicting trends toward integration and fragmentation. The new world is all these things, and hence there is good reason for uncertainty about American interests in it. Yet that is not the only source of confusion. Efforts to define national interest presuppose agreement on the nature of the country whose interests are to be defined. National interest derives from national identity. We have to know who we are before we can know what our interests are.

Historically, American identity has had two primary components: culture and creed. The first has been the values and institutions of the original settlers, who were Northern European, primarily British, and Christian, primarily Protestant. This culture included most importantly the English language and traditions concerning relations between church and state and the place of the individual in society.

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Over the course of three centuries, black people were slowly and only partially assimilated into this culture. Immigrants from western, southern, and eastern Europe were more fully assimilated, and the original culture evolved and was modified but not fundamentally altered as a result. In *The Next American Nation,* Michael Lind captures the broad outlines of this evolution when he argues that American culture developed through three phases: Anglo-America (1789-1861), Euro-America (1875-1957), and Multicultural America (1972-present). The cultural definition of national identity assumes that while the culture may change, it has a basic continuity.

The second component of American identity has been a set of universal ideas and principles articulated in the founding documents by American leaders: liberty, equality, democracy, constitutionalism, liberalism, limited government, private enterprise. These constitute what Gunnar Myrdal termed the American Creed, and the popular consensus on them has been commented on by foreign observers from Crevecoeur and Tocqueville down to the present. This identity was neatly summed up by Richard Hofstadter: "It has been our fate as a nation not to have ideologies but to be one."

These dual sources of identity are, of course, closely related. The creed was a product of the culture. Now, however, the end of the Cold War and social, intellectual, and demographic changes in American society have brought into question the validity and relevance of both traditional components of American identity. Without a sure sense of national identity, Americans have become unable to define their national interests, and as a result subnational commercial interests and transnational and nonnational ethnic interests have come to dominate foreign policy.

LOSS OF THE OTHER

THE MOST profound question concerning the American role in the post–Cold War world was improbably posed by Rabbit Angstrom, the harried central character of John Updike's novels: "Without the cold war, what's the point of being an American?" If being an American means being committed to the principles of liberty, democracy, individualism, and private property, and if there is no evil empire out there

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threatening those principles, what indeed does it mean to be an American, and what becomes of American national interests?

From the start, Americans have constructed their creedal identity in contrast to an undesirable "other." America's opponents are always defined as liberty's opponents. At the time of independence, Americans could not distinguish themselves culturally from Britain; hence they had to do so politically. Britain embodied tyranny, aristocracy, oppression; America, democracy, equality, republicanism. Until the end of the nineteenth century, the United States defined itself in opposition to Europe. Europe was the past: backward, unfree, unequal, characterized by feudalism, monarchy, and imperialism. The United States, in contrast, was the future: progressive, free, equal, republican. In the twentieth century, the United States emerged on the world scene and increasingly saw itself not as the antithesis of Europe but rather as the leader of European-American civilization against upstart challengers to that civilization, imperial and then Nazi Germany.

After World War II the United States defined itself as the leader of the democratic free world against the Soviet Union and world communism. During the Cold War the United States pursued many foreign policy goals, but its one overriding national purpose was to contain and defeat communism. When other goals and interests clashed with this purpose, they were usually subordinated to it. For 40 years virtually all the great American initiatives in foreign policy, as well as many in domestic policy, were justified by this overriding priority: the Greek-Turkish aid program, the Marshall Plan, NATO, the Korean War, nuclear weapons and strategic missiles, foreign aid, intelligence operations, reduction of trade barriers, the space program, the Alliance for Progress, military alliances with Japan and Korea, support for Israel, overseas military deployments, an unprecedentedly large military establishment, the Vietnam War, the openings to China, support for the Afghan mujahideen and other anticommunist insurgencies. If there is no Cold War, the rationale for major programs and initiatives like these disappears.

As the Cold War wound down in the late 1980s, Gorbachev's adviser Georgiy Arbatov commented: "We are doing something really terrible to you—we are depriving you of an enemy." Psychologists generally agree that individuals and groups define their identity by differentiating themselves from and placing themselves in opposition

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to others.[1] While wars at times may have a divisive effect on society, a common enemy can often help to promote identity and cohesion among people. The weakening or absence of a common enemy can do just the reverse. Abraham Lincoln commented on this effect in his Lyceum speech in 1837 when he argued that the American Revolution and its aftermath had directed enmity outward: "The jealousy, envy, avarice incident to our nature, and so common to a state of peace, prosperity, and conscious strength, were for a time in a great measure smothered and rendered inactive, while the deep-rooted principles of hate, and the powerful motive of revenge, instead of being turned against each other, were directed exclusively against the British nation." Hence, he said, "the basest principles of our nature" were either dormant or "the active agents in the advancement of the noblest of causes—that of establishing and maintaining civil and religious liberty." But he warned, "this state of feeling must fade, is fading, has faded, with the circumstances that produced it." He spoke, of course, as the nation was starting to disintegrate. As the heritage of World War II and the Cold War fades, America may be faced with a comparable dynamic.

The Cold War fostered a common identity between American people and government. Its end is likely to weaken or at least alter that identity. One possible consequence is the rising opposition to the federal government, which is, after all, the principal institutional manifestation of American national identity and unity. Would nationalist fanatics bomb federal buildings and attack federal agents if the federal government was still defending the country against a serious foreign threat? Would the militia movement be as strong as it is today? In the past, comparable bombing attacks were usually the work of foreigners who saw the United States as their enemy, and the first response of many people to the Oklahoma City bombing was to assume that it was the work of a "new enemy," Muslim terrorists. That response could reflect a psychological need to believe that such an act must have been carried out by an external enemy. Ironically, the bombing may have been in part the result of the absence of such an enemy.

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[1]See Vamik D. Volkan, *The Need to Have Enemies and Allies: From Clinical Practice to International Relationships,* Northvale, NJ: Aronson, 1994, and Jonathan Mercer, "Anarchy and Identity," *International Organization,* Spring 1996, pp. 237-68.

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Georg Simmel, Lewis A. Coser, and other scholars have shown that in some ways and circumstances the existence of an enemy may have positive consequences for group cohesion, morale, and achievement. World War II and the Cold War were responsible for much American economic, technological, and social progress, and the perceived economic challenge from Japan in the 1980s generated public and private efforts to increase American productivity and competitiveness. At present, thanks to the extent to which democracy and market economies have been embraced throughout the world, the United States lacks any single country or threat against which it can convincingly counterpose itself. Saddam Hussein simply does not suffice as a foil. Islamic fundamentalism is too diffuse and too remote geographically. China is too problematic and its potential dangers too distant in the future.

Given the domestic forces pushing toward heterogeneity, diversity, multiculturalism, and ethnic and racial division, however, the United States, perhaps more than most countries, may need an opposing other to maintain its unity. Two millennia ago in 84 B.C., after the Romans had completed their conquest of the known world by defeating the armies of Mithradates, Sulla posed the question: "Now the universe offers us no more enemies, what may be the fate of the Republic?" The answer came quickly; the republic collapsed a few years later. It is unlikely that a similar fate awaits the United States, yet to what extent will the American Creed retain its appeal, command support, and stay vibrant in the absence of competing ideologies? The end of history, the global victory of democracy, if it occurs, could be a most traumatic and unsettling event for America.

IDEOLOGIES OF DIVERSITY

THE DISINTEGRATIVE effects of the end of the Cold War have been reinforced by the interaction of two trends in American society: changes in the scope and sources of immigration and the rise of the cult of multiculturalism.

Immigration, legal and illegal, has increased dramatically since the immigration laws were changed in 1965. Recent immigration is overwhelmingly from Latin America and Asia. Coupled with the high birth rates of some immigrant groups, it is changing the racial, religious,

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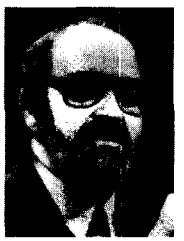

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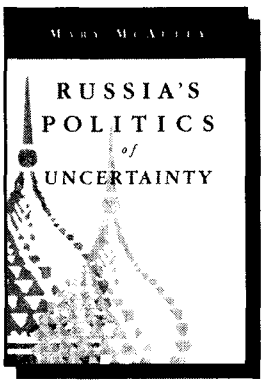

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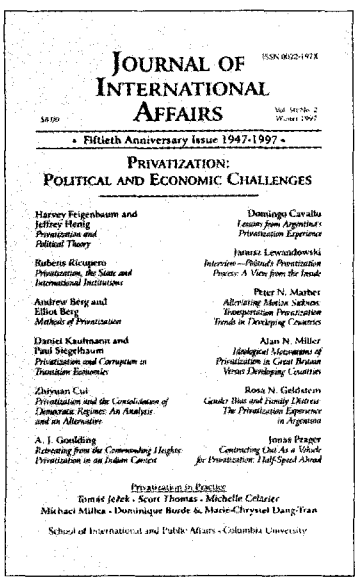

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and ethnic makeup of the United States. By the middle of the next century, according to the Census Bureau, non-Hispanic whites will have dropped from more than three-quarters of the population to only slightly more than half, and one-quarter of Americans will be Hispanic, 14 percent black, and 8 percent of Asian and Pacific heritage. The religious balance is also shifting, with Muslims already reportedly outnumbering Episcopalians.

In the past, assimilation, American style, in Peter Salins' phrase, involved an implicit contract in which immigrants were welcomed as equal members of the national community and urged to become citizens, provided they accepted English as the national language and committed themselves to the principles of the American Creed and the Protestant work ethic.[2] In return, immigrants could be as ethnic as they wished in their homes and local communities. At times, particularly during the great waves of Irish immigration in the 1840s and 1850s and of the southern and eastern European immigration at the turn of the century, immigrants were discriminated against and simultaneously subjected to major programs of "Americanization" to incorporate them into the national culture and society. Overall, however, assimilation American style worked well. Immigration renewed American society; assimilation preserved American culture.

Past worries about the assimilation of immigrants have proved unfounded. Until recently immigrant groups came to America because they saw immigration as an opportunity to become American. To what extent now, however, do people come because they see it as an opportunity to remain themselves? Previously immigrants felt discriminated against if they were not permitted to join the mainstream. Now it appears that some groups feel discriminated against if they are not allowed to remain apart from the mainstream.

The ideologies of multiculturalism and diversity reinforce and legitimate these trends. They deny the existence of a common culture in the United States, denounce assimilation, and promote the primacy of racial, ethnic, and other subnational cultural identities and groupings. They also question a central element in the American Creed by substituting for the rights of individuals the rights of groups, defined

[2]Peter D. Salins, *Assimilation, American Style,* New York: Basic Books, 1996, pp. 6-7.

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largely in terms of race, ethnicity, gender, and sexual preference. These goals were manifested in a variety of statutes that followed the civil rights acts of the 1960s, and in the 1990s the Clinton administration made the encouragement of diversity one of its major goals.

The contrast with the past is striking. The Founding Fathers saw diversity as a reality and a problem: hence the national motto, *e pluribus unum.* Later political leaders, also fearful of the dangers of racial, sectional, ethnic, economic, and cultural diversity (which, indeed, produced the biggest war of the century between 1815 and 1914), responded to the need to bring us together, and made the promotion of national unity their central responsibility. "The one absolutely certain way of bringing this nation to ruin, of preventing all possibility of its continuing as a nation at all," warned Theodore Roosevelt, "would be to permit it to become a tangle of squabbling nationalities . . ."[3] Bill Clinton, in contrast, is almost certainly the first president to promote the diversity rather than the unity of the country he leads. This promotion of ethnic and racial identities means that recent immigrants are not subject to the same pressures and inducements as previous immigrants to integrate themselves into American culture. As a result, ethnic identities are becoming more meaningful and appear to be increasing in relevance compared with national identity.

If the United States becomes truly multicultural, American identity and unity will depend on a continuing consensus on political ideology. Americans have thought of their commitment to universal values such as liberty and equality as a great source of national strength. That ideology, Myrdal observed, has been "the cement in the structure of this great and disparate nation." Without an underlying common culture, however, these principles are a fragile basis for national unity. As theories of cognitive dissonance suggest, people can change their ideas and beliefs relatively quickly and easily in response to a changed external environment. Throughout the formerly communist world, elites have redefined themselves as devoted democrats, free marketeers, or fervent nationalists.

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[3]Quoted in Arthur M. Schlesinger, Jr., *The Disuniting of America: Reflections on a Multicultural Society,* New York: W.W. Norton, 1992, p. 118.

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For most countries, ideology bears little relation to national identity. China has survived the collapse of many dynasties and will survive the collapse of communism. Absent communism, China will still be China. Britain, France, Japan, Germany, and other countries have survived various dominant ideologies in their history. But could the United States survive the end of its political ideology? The fate of the Soviet Union offers a sobering example for Americans. The United States and the Soviet Union were very different, but they also resembled each other in that neither was a nation-state in the classic sense of the term. In considerable measure, each defined itself in terms of an ideology, which, as the Soviet example suggests, is likely to be a much more fragile basis for unity than a national culture richly grounded in history. If multiculturalism prevails and if the consensus on liberal democracy disintegrates, the United States could join the Soviet Union on the ash heap of history.

IN SEARCH OF NATIONAL INTERESTS

A NATIONAL interest is a public good of concern to all or most Americans; a vital national interest is one which they are willing to expend blood and treasure to defend. National interests usually combine security and material concerns, on the one hand, and moral and ethical concerns, on the other. Military action against Saddam Hussein was seen as a vital national interest because he threatened reliable and inexpensive access to Persian Gulf oil and because he was a rapacious dictator who had blatantly invaded and annexed another country. During the Cold War the Soviet Union and communism were perceived as threats to both American security and American values; a happy coincidence existed between the demands of power politics and the demands of morality. Hence broad public support buttressed government efforts to defeat communism and thus, in Walter Lippmann's terms, to maintain a balance between capabilities and commitments. That balance was often tenuous and arguably got skewed in the 1970s. With the end of the Cold War, however, the danger of a "Lippmann gap" vanished, and instead the United States appears to have a Lippmann surplus. Now the need is not to find the power to serve American purposes but rather to find purposes for the use of American power.

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This need has led the American foreign policy establishment to search frantically for new purposes that would justify a continuing U.S. role in world affairs comparable to that in the Cold War. The Commission on America's National Interests put the problem this way in 1996: "After four decades of unusual single-mindedness in containing Soviet Communist expansion, we have seen five years of ad hoc fits and starts. If it continues, this drift will threaten our values, our fortunes, and indeed our lives."[4]

The commission identified five vital national interests: prevent attacks on the United States with weapons of mass destruction, prevent the emergence of hostile hegemons in Europe or Asia and of hostile powers on U.S. borders or in control of the seas, prevent the collapse of the global systems for trade, financial markets, energy supplies, and the environment, and ensure the survival of U.S. allies.

What, however, are the threats to these interests? Nuclear terrorism against the United States could be a near-term threat, and the emergence of China as an East Asian hegemon could be a longer-term one. Apart from these, however, it is hard to see any major looming challenges to the commission's vital interests. New threats will undoubtedly arise, but given the scarcity of current ones, campaigns to arouse interest in foreign affairs and support for major foreign policy initiatives now fall on deaf ears. The administration's call for the "enlargement" of democracy does not resonate with the public and is belied by the administration's own actions. Arguments from neoconservatives for big increases in defense spending have the same air of unreality that arguments for the abolition of nuclear weapons had during the Cold War.

The argument is frequently made that American "leadership" is needed to deal with world problems. Often it is. The call for leadership, however, begs the question of leadership to do what, and rests on the assumption that the world's problems are America's problems. Often they are not. The fact that things are going wrong in many places in the world is unfortunate, but it does not mean that the United States has either an interest in or the responsibility for correcting

[4] *America's National Interests, A Report from the Commission on America's National Interests,* Cambridge: Center for Science and International Affairs, John F. Kennedy School of Government, Harvard University, 1996, p. 1.

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them. The National Interests Commission said that presidential leadership is necessary to create a consensus on national interests. In some measure, however, a consensus already exists that American national interests do not warrant extensive American involvement in most problems in most of the world. The foreign policy establishment is asking the president to make a case for a cause that simply will not sell. The most striking feature of the search for national interests has been its failure to generate purposes that command anything remotely resembling broad support and to which people are willing to commit significant resources.

COMMERCIALISM AND ETHNICITY

THE LACK of national interests that command widespread support does not imply a return to isolationism. America remains involved in the world, but its involvement is now directed at commercial and ethnic interests rather than national interests. Economic and ethnic particularism define the current American role in the world. The institutions and capabilities—political, military, economic, intelligence—created to serve a grand national purpose in the Cold War are now being suborned and redirected to serve narrow subnational, transnational, and even nonnational purposes. Increasingly people are arguing that these are precisely the interests foreign policy should serve.

The Clinton administration has given priority to "commercial diplomacy," making the promotion of American exports a primary foreign policy objective. It has been successful in wringing access to some foreign markets for American products. Commercial achievements have become a primary criterion for judging the performance of American ambassadors. President Clinton may well be spending more time promoting American sales abroad than doing anything else in foreign affairs. If so, that would be a dramatic sign of the redirection of American foreign policy. In case after case, country after country, the dictates of commercialism have prevailed over other purposes including human rights, democracy, alliance relationships, maintaining the balance of power, technology export controls, and other strategic and political considerations described by one administration official as

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"stratocrap and globaloney."[5] "Many in the administration, Congress, and the broader foreign policy community," a former senior official in the Clinton Commerce Department argued in these pages, "still believe that commercial policy is a tool of foreign policy, when it should more often be the other way around—the United States should use all its foreign policy levers to achieve commercial goals." The funds devoted to promoting commercial goals should be greatly increased; the personnel working on these goals should be upgraded and professionalized; the agencies concerned with export promotion need to be strengthened and reorganized. Landing the contract is the name of the game in foreign policy.

Or at least it is the name of one game. The other game is the promotion of ethnic interests. While economic interests are usually subnational, ethnic interests are generally transnational or nonnational. The promotion of particular businesses and industries may not involve a broad public good, as does a general reduction in trade barriers, but it does promote the interests of some Americans. Ethnic groups promote the interests of people and entities outside the United States. Boeing has an interest in aircraft sales and the Polish-American Congress in help for Poland, but the former benefits residents of Seattle, the latter residents of the Eastern Europe.

The growing role of ethnic groups in shaping American foreign policy is reinforced by the waves of recent immigration and by the arguments for diversity and multiculturalism. In addition, the greater wealth of ethnic communities and the dramatic improvements in communications and transportation now make it much easier for ethnic groups to remain in touch with their home countries. As a result, these groups are being transformed from cultural communities within the boundaries of a state into diasporas that transcend these boundaries. State-based diasporas, that is, trans-state cultural communities that control at least one state, are increasingly important and increasingly identify with the interests of their homeland. "Full assimilation into their host societies," a leading expert, Gabriel Sheffer, has observed in *Survival,* "has become unfashionable among both

[5]Lawrence F. Kaplan, "The Selling of American Foreign Policy," *The Weekly Standard,* April 23, 1997, pp. 19-22.

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established and incipient state-based diasporas . . . many diasporal communities neither confront overwhelming pressure to assimilate nor feel any marked advantage in assimilating into their host societies or even obtaining citizenship there." Since the United States is the premier immigrant country in the world, it is most affected by the shifts from assimilation to diversity and from ethnic group to diaspora.

Culture has supplanted ideology in shaping attitudes in diaspora populations.

During the Cold War, immigrants and refugees from communist countries usually vigorously opposed, for political and ideological reasons, the governments of their home countries and actively supported American anticommunist policies against them. Now, diasporas in the United States support their home governments. Products of the Cold War, Cuban-Americans ardently support U.S. anti-Castro policies. Chinese-Americans, in contrast, overwhelmingly pressure the United States to adopt favorable policies towards China. Culture has supplanted ideology in shaping attitudes in diaspora populations.

Diasporas provide many benefits to their home countries. Economically prosperous diasporas furnish major financial support to the homeland, Jewish-Americans, for instance, contributing up to $1 billion a year to Israel. Armenian-Americans send enough to earn Armenia the sobriquet of "the Israel of the Caucasus." Diasporas supply expertise, military recruits, and on occasion political leadership to the homeland. They often pressure their home governments to adopt more nationalist and assertive policies towards neighboring countries. Recent cases in the United States show that they can be a source of spies used to gather information for their homeland governments.

Most important, diasporas can influence the actions and policies of their host country and co-opt its resources and influence to serve the interests of their homeland. Ethnic groups have played active roles in politics throughout American history. Now, ethnic diaspora groups proliferate, are more active, and have greater self-consciousness, legitimacy, and political clout. In recent years, diasporas have had a major impact on American policy towards Greece and Turkey, the Caucasus, the recognition of Macedonia, support for Croatia, sanctions

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against South Africa, aid for black Africa, intervention in Haiti, NATO expansion, sanctions against Cuba, the controversy in Northern Ireland, and the relations between Israel and its neighbors. Diaspora-based policies may at times coincide with broader national interests, as could arguably be the case with NATO expansion, but they are also often pursued at the expense of broader interests and American relations with long-standing allies. Overall, as James R. Schlesinger observed in a 1997 lecture at the Center for Strategic and International Studies, the United States has "less of a foreign policy in a traditional sense of a great power than we have the stapling together of a series of goals put forth by domestic constituency groups . . . The result is that American foreign policy is incoherent. It is scarcely what one would expect from the leading world power."

Schlesinger had to recognize, however, that multiculturalism and heightened ethnic consciousness have caused many political leaders to believe this is "the *appropriate* way to make foreign policy." In the scholarly community some argue that diasporas can help promote American values in their home countries and hence "the participation of ethnic disaporas in shaping U.S. foreign policy is a truly positive phenomenon."[6] The validity of diaspora interests was a central theme at a May 1996 conference on "Defining the National Interest: Minorities and U.S. Foreign Policy in the 21st Century." Conference participants attacked the Cold War definition of national interest and what was described as "the traditional policy community's apparent animosity toward the very idea of minority involvement in international affairs." Conferees explored "the experiences of Jewish-Americans and Cuban-Americans and sought to extract lessons from the way these two groups succeeded in influencing foreign policy while others failed." The sponsorship of this conference by the New York Council on Foreign Relations, once the capstone institution of the foreign policy establishment, was the ultimate symbol of the triumph of diaspora interests over national interests in American foreign policy.

The displacement of national interests by commercial and ethnic interests reflects the domesticization of foreign policy. Domestic politics and interests have always inevitably and appropriately influenced

[6]Yossi Shain, "Multicultural Foreign Policy," *Foreign Policy*, Fall 1995, p. 87.

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Whose national interests?
Ethnic groups protest to shape U.S. foreign policy

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foreign policy. Now, however, previous assumptions that the foreign and domestic policymaking processes differ from each other for important reasons no longer hold. For an understanding of American foreign policy it is necessary to study not the interests of the American state in a world of competing states but rather the play of economic and ethnic interests in American domestic politics. At least in recent years, the latter has been a superb predictor of foreign policy stands. Foreign policy, in the sense of actions consciously designed to promote the interests of the United States as a collective entity in relation to similar collective entities, is slowly but steadily disappearing.

THE PUSH AND PULL OF AMERICAN POWER

A DECADE after the end of the Cold War, a paradox exists with respect to American power. On the one hand, the United States is the only superpower in the world. It has the largest economy and the highest levels of prosperity. Its political and economic principles are increasingly endorsed throughout the world. It spends more on defense than all the other major powers combined and has the only military force capable of acting effectively in almost every part of the world. It is far ahead of any other country in technology and appears certain to retain that lead in the foreseeable future. American popular culture and consumer products have swept the world, permeating the most distant and resistant societies. American economic, ideological, military, technological, and cultural primacy, in short, is overwhelming.

American influence, on the other hand, falls far short of that. Countries large and small, rich and poor, friendly and antagonistic, democratic and authoritarian, all seem able to resist the blandishments and threats of American policymakers. On issues of protectionism, sanctions, intervention, human rights, proliferation of weapons of mass destruction, peacekeeping, and others, officials of foreign governments listen politely to American demands and entreaties, perhaps express general agreement with the ideas advanced, and then quietly go their own way. This tendency "to follow their own counsels," Jonathan Clarke observed in *Foreign Policy* in 1996, "includes both great and small nations. Defying intense American pressure in 1994, tiny Singapore proceeded to cane an American teenager. Bankrupt, isolated

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Cuba has successfully changed American immigration policy. Poland has defied American requests not to proceed with an arms deal with Iran. Jordan has resisted American pressure to break off commercial links with Iraq . . . China has rebuffed American demands on human rights." The United States has been unable to achieve its goals on trade policy with China and Japan, unable to induce Russia to restrain arms and technology transfers to China and Iran, unable to get rid of Saddam Hussein, Castro, and Qaddafi, unable to pressure Israelis and Palestinians to be more accommodating with each other, unable to induce Serbs, Croats, and Muslims to cooperate meaningfully in Bosnia, unable to secure significant economic reform in Japan. The United States still clearly is able to veto any major international action, but its ability to induce other countries to act in the way it thinks they should act is hardly commensurate with its image as the "world's only superpower."

The American government's demands are not strengthened by the popularity of "Baywatch."

What explains this apparent gap between the extent of American power and the ineffectiveness of American influence? In part, the gap is a result of comparing the resources of a country with the strength of its government. Historically the United States has been a strong country with a weak government.[7] Apart from the military, most of the resources cited as evidence of American power are not easily subject to the control of the American government. Although its economy is the largest in the world, national government revenues are a smaller proportion of GNP (19.7 percent in 1993) than in all but two (Japan, Switzerland) of 24 high income countries. Similarly, the demands of the American government are not strengthened by the popularity of "Baywatch" and rap music. During the Cold War, major technological advances were in large part a product of the Department of Defense and its requirements. Now the military establishment is increasingly dependent on technological developments in the private sector. Antigovernmentalism is a pervasive

[7]For an explanation that links the structure of the American state to its foreign policy, see Fareed Zakaria, *From Wealth to Power: The Unusual Origins of America's World Role*, Princeton: Princeton University Press, forthcoming.

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theme in the American Creed and is not easily overcome in the absence of a foreign enemy. The impetus to balance the budget leads to major cutbacks in key elements of foreign affairs spending.

A second related explanation for the gap between resources and influence stems from the changing nature of American power. The United States is and will remain a global hegemon. The nature of that dominant role, however, is changing, as it changed for other hegemonic states. In their first phase, the influence of hegemons stems from their power to expend resources. They deploy military force, economic investment, loans, bribes, diplomats, and bureaucrats into other countries and often bring those territories and populations under their direct or indirect rule. American expansion in the 1950s and 1960s did not expand American rule, but did produce an American military, political, and economic presence in large areas of the world. In the second phase of hegemony, the power to expend is replaced by the power to attract. By the 1970s, American hegemony began to move into this phase with the outward push in the first phase of hegemonic power giving way to the inward pull characteristic of the second phase, a process that also occurred in the evolution of Rome, Byzantium, Britain, and other hegemonic powers.

In the 1990s the United States still exports food, technology, ideas, culture, and military power. It is, however, importing people, capital, and goods. It has become the largest debtor in the world. It typically takes in more immigrants than all the other countries in the world combined. Farm laborers and Nobel prize winners alike want to move to the United States. Elites everywhere want to send their children to American universities. Most of all, businesses want access to the American market. American popular culture, as Josef Joffe has observed, "is unique; its power comes from pull, not push." American power, in short, has become in Joseph S. Nye's term, the "soft power" to attract rather than the hard power to compel.

The power to attract depends on the willingness of foreigners to find it in their interest to send their money, goods, and children to the United States. It is, however, still power, and the typical form of power for a second-phase hegemon. This became strikingly clear in the Persian Gulf crisis. The fact that the American secretary of state had to go around the world engaging in "tin cup diplomacy," collecting

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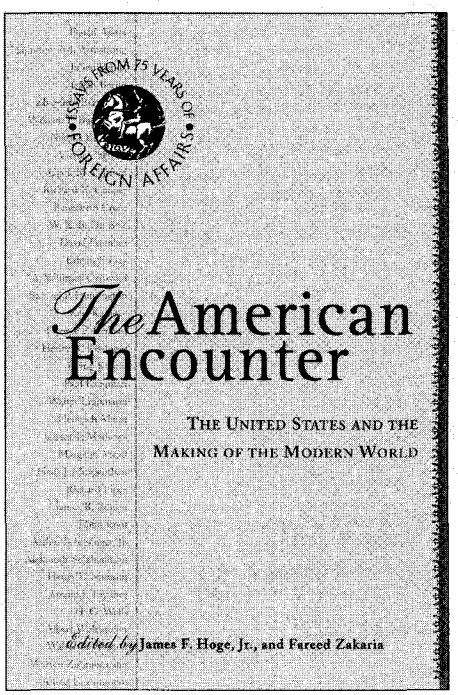
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money to pay for the war, was frequently cited as compelling evidence of American decline. In fact, it was imperial behavior of a classic sort: the collection of tribute by the imperial power from its satellites and dependents. The ability to impose and collect an unanticipated levy of more than $50 billion from other countries in a few months was an extraordinary exercise of second-phase hegemonic power. In the late 1940s the United States exercised its power in the Marshall Plan by giving large sums of money to its allies. In the 1990s the United States exercised its power by collecting comparable amounts of money from its allies.

In the past, the flow of money and people out of the United States far surpassed the flow into the United States. Increasingly, however, the gap has narrowed, as other countries have developed their resources and have found it desirable to send money and people to the United States. While the United States was previously the world's biggest creditor, by 1997 its net foreign debt was more than $1 trillion and was increasing at an annual rate of 15 to 20 percent, with Japan owning almost $300 billion and China more than $50 billion in U.S. treasury bonds.

Between 1963 and 1967, the outflow of foreign direct investment from the United States was more than ten times the inflow to the United States ($24.5 billion versus $2.1 billion). During the late 1970s and 1980s, however, the inflow increased dramatically and by the early 1990s exceeded the outflow ($198.3 billion in versus $168.9 billion out for 1989-93.) In the early 1960s, the number of Americans going abroad far exceeded the number of foreigners coming to the United States, an average of 6.1 million foreigners arriving each year between 1960 and 1964. By 1990-1994 the inflows and outflows were equal, an average of 44.2 million Americans going abroad each year versus 44.1 million foreigners coming to the United States.

During its first phase as a hegemonic power, the United States expended billions of dollars each year attempting to influence government decisions, elections, and political outcomes in other countries. These efforts clearly exceeded those of any other government, except possibly the Soviet Union, and almost certainly exceeded the total resources expended by foreign governments to influence American politics. Now this balance has changed dramatically, and the shoe is on the other foot. American activities de-

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signed to influence foreign governments have either stopped or been greatly reduced. Foreign aid is down and is concentrated on a few countries. Covert intervention is rare, and the money spent trying to influence elections and other outcomes in foreign countries is only a vestige of what it once was. The efforts of foreign institutions to influence American decision-making, in contrast, have increased significantly. The United States has thus become less of an actor and more of an arena.

Foreign influence on American elections has undoubtedly increased.

Foreign governments and corporations now expend enormous resources on public relations and lobbying in the United States, with those from Japan, for instance, reportedly reaching $150 million a year. The governments of other foreign countries that have spent huge amounts to influence U.S. governmental decision-making reportedly include those of Saudi Arabia, Canada, South Korea, Taiwan, Mexico, Israel, Germany, the Philippines, and more recently China. Foreign governments make a point of recruiting former U.S. government officials to help them in these efforts. They have also gradually learned that the place to concentrate their attention is not on the relatively powerless State Department but on America's extraordinarily powerful legislature.[8]

Over the years foreign influence on American elections has undoubtedly increased. Registered foreign agents make individual contributions to candidates, with Senator John Kerry (D-Mass.), for instance, receiving $44,200 from them for his 1996 campaign, even though he refused funds from domestic PACs. Foreign influence has contributed to the defeat for reelection of several representatives whose policies went against the interests of those governments. The 1996 senatorial election in South Dakota was a contest between Indians and Pakistanis as well as between Republicans and

[8]Allan Gotlieb, Canada's ambassador in Washington during most of the 1980s, entertainingly describes how he learned this lesson in *I'll Be With You in a Minute, Mr. Ambassador: The Education of a Canadian Diplomat in Washington,* Toronto: University of Toronto Press, 1991.

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Democrats, with the defeat of Larry Pressler producing elation in Islamabad and dejection in New Delhi. In the coming years, as their numbers, wealth, and political savvy increase, Arabs are likely to fight it out with Jews in elections across the country. The China connection of John Huang and his associates and the millions of dollars they siphoned to the Democratic Party is only the latest and most publicized example of the expenditures of foreign resources to influence American politics.

American politics attracts foreign money because the decisions of its government have an impact on people and interests in every other country. The power to attract resources is thus a result of the power to expend them, and the resource inflow is aimed at affecting the direction of the resource outflow.

There are, however, obvious qualifications to the power to ingest. Elites in other countries have to see it in their interest to provide money and resources to the United States. It is hardly surprising that some allied leaders were heard muttering about "taxation without representation" during the Gulf War collection. And those who invest in capital facilities in the United States obviously expect to exercise some influence in American politics. In addition, the principal collective good the United States provided other countries during the Cold War, protection against the Soviet Union, has disappeared, and the United States may become increasingly unable to continue to provide other collective goods, such as an open world economy and access to the American market. What happens then if the United States levies tribute to support an American-led effort to provide a collective good and no one pays? Or, in a question asked in the 1980s, what happens if the Japanese and Saudis stop buying U.S. government obligations? By the end of the Cold War the United States had gradually lost much of its power to expend resources. It entered the post–Cold War era with substantial power to attract but this too can fade. The United States may then continue to believe that like Glendower it "can call spirits from the vasty deep." The relevant question, however, will be that put by Hotspur: "Why, so can I, or so can any man; / But will they come when you do call for them?"

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PARTICULARISM VS. RESTRAINT

AMERICAN FOREIGN policy is becoming a foreign policy of particularism increasingly devoted to the promotion abroad of highly specific commercial and ethnic interests. The institutions, resources, and influence generated to serve national interests in the Cold War are being redirected to serve these interests. These developments may have been furthered by the almost exclusive concern of the Clinton administration with domestic politics, but their roots lie in broader changes in the external and internal context of the United States and changing conceptions of American national identity.

The likelihood that these contextual factors will shift in the near future seems remote. Conceivably China could become a new enemy. Certainly, important groups in China think of the United States as *their* new enemy. A China threat sufficient to generate a new sense of national identity and purpose in the United States, however, is not imminent, and how serious that threat is judged to be will depend on the extent to which the Americans view Chinese hegemony in East Asia as damaging to American interests. Reviving a stronger sense of national identity would also require countering the cults of diversity and multiculturalism within the United States. It would probably involve limiting immigration along the lines proposed by the Jordan Commission and developing new public and private Americanization programs to counter the factors enhancing diaspora loyalties and to promote the assimilation of immigrants. These developments may well occur, but given the extent to which, in Nathan Glazer's phase, "we are all multiculturalists now," it will be a while before the recent denationalizing trends are reversed.

The replacement of particularism would require the American public to become committed to new national interests that would take priority over and lead to the subordination of commercial and ethnic concerns. At present, as polls show, majorities of the American public are unwilling to support the commitment of significant resources

[9]See John E. Reilly, ed., *American Public Opinion and U.S. Foreign Policy 1994*, Chicago: Chicago Council on Foreign Relations, 1995, and Arthur M. Schlesinger, Jr., "Back to the Womb? Isolationism's Renewed Threat," *Foreign Affairs*, July/August 1995, pp. 2-8.

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to the defense of American allies, the protection of small nations against aggression, the promotion of human rights and democracy, or economic and social development in the Third World.[9] As a result the articulation of these and other broad goals by administration officials produces little follow-through, and with rare exceptions the calls of establishment figures for American leadership generate no effective action. Unable to deliver on its broad promises, American foreign policy becomes one of rhetoric and retreat, with the active energies of the administration concentrated on the advancement of particularistic concerns. Foreign governments have learned not to take seriously administration statements of its general policy goals and to take very seriously administration actions devoted to commercial and ethnic interests.

The alternative to particularism is thus not promulgation of a "grand design," "coherent strategy," or "foreign policy vision." It is a policy of restraint and reconstitution aimed at limiting the diversion of American resources to the service of particularistic subnational, transnational, and nonnational interests. The national interest is national restraint, and that appears to be the only national interest the American people are willing to support at this time in their history. Hence, instead of formulating unrealistic schemes for grand endeavors abroad, foreign policy elites might well devote their energies to designing plans for lowering American involvement in the world in ways that will safeguard possible future national interests.

At some point in the future, the combination of security threat and moral challenge will require Americans once again to commit major resources to the defense of national interests. The *de novo* mobilization of those resources from a low base, experience suggests, is likely to be easier than the redirection of resources that have been committed to entrenched particularistic interests. A more restrained role now could facilitate America's assumption of a more positive role in the future when the time comes for it to renew its national identity and to pursue national purposes for which Americans are willing to pledge their lives, their fortunes, and their national honor.

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A Geostrategy for Eurasia

Zbigniew Brzezinski

AXIAL EURASIA

SEVENTY-FIVE years ago, when the first issue of *Foreign Affairs* saw the light of day, the United States was a self-isolated Western hemispheric power, sporadically involved in the affairs of Europe and Asia. World War II and the ensuing Cold War compelled the United States to develop a sustained commitment to Western Europe and the Far East. America's emergence as the sole global superpower now makes an integrated and comprehensive strategy for Eurasia imperative.

Eurasia is home to most of the world's politically assertive and dynamic states. All the historical pretenders to global power originated in Eurasia. The world's most populous aspirants to regional hegemony, China and India, are in Eurasia, as are all the potential political or economic challengers to American primacy. After the United States, the next six largest economies and military spenders are there, as are all but one of the world's overt nuclear powers, and all but one of the covert ones. Eurasia accounts for 75 percent of the world's population, 60 percent of its GNP, and 75 percent of its energy resources. Collectively, Eurasia's potential power overshadows even America's.

Eurasia is the world's axial supercontinent. A power that dominated Eurasia would exercise decisive influence over two of the world's three most economically productive regions, Western Europe and East Asia. A glance at the map also suggests that a country dominant in Eurasia

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would almost automatically control the Middle East and Africa. With Eurasia now serving as the decisive geopolitical chessboard, it no longer suffices to fashion one policy for Europe and another for Asia. What happens with the distribution of power on the Eurasian landmass will be of decisive importance to America's global primacy and historical legacy.

A sustainable strategy for Eurasia must distinguish among the more immediate short-run perspective of the next five years or so, the medium term of 20 or so years, and the long run beyond that. Moreover, these phases must be viewed not as watertight compartments but as part of a continuum. In the short run, the United States should consolidate and perpetuate the prevailing geopolitical pluralism on the map of Eurasia. This strategy will put a premium on political maneuvering and diplomatic manipulation, preventing the emergence of a hostile coalition that could challenge America's primacy, not to mention the remote possibility of any one state seeking to do so. By the medium term, the foregoing should lead to the emergence of strategically compatible partners which, prompted by American leadership, might shape a more cooperative trans-Eurasian security system. In the long run, the foregoing could become the global core of genuinely shared political responsibility.

In the western periphery of Eurasia, the key players will continue to be France and Germany, and America's central goal should be to continue to expand the democratic European bridgehead. In the Far East, China is likely to be increasingly pivotal, and the United States will not have a Eurasian strategy unless a Sino-American political consensus is nurtured. In Eurasia's center, the area between an enlarging Europe and a regionally rising China will remain a political black hole until Russia firmly redefines itself as a postimperial state. Meanwhile, to the south of Russia, Central Asia threatens to become a caldron of ethnic conflicts and great-power rivalries.

THE INDISPENSABLE POWER

AMERICA'S STATUS as the world's premier power is unlikely to be contested by any single challenger for more than a generation. No state is likely to match the United States in the four key dimensions of power—military, economic, technological, and cultural—that confer global political clout. Short of American abdication, the only

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real alternative to American leadership is international anarchy. President Clinton is correct when he says America has become the world's "indispensable nation."

America's global stewardship will be tested by tension, turbulence, and periodic conflict. In Europe, there are signs that the momentum for integration and enlargement is waning and that nationalisms may reawaken. Large-scale unemployment persists even in the most successful European states, breeding xenophobic reactions that could cause French or German politics to lurch toward extremism. Europe's aspirations for unity will be met only if Europe is encouraged, and occasionally prodded, by the United States.

The only alternative to American leadership is international anarchy.

Russia's future is less certain and the prospects for its positive evolution more tenuous. America must therefore shape a political context that is congenial to Russia's assimilation into a larger framework of European cooperation, while fostering the independence of its newly sovereign neighbors. Yet the viability of, say, Ukraine or Uzbekistan will remain uncertain, especially if America fails to support their efforts at national consolidation.

The chances of a grand accommodation with China could also be threatened by a crisis over Taiwan, internal Chinese political dynamics, or simply a downward spiral in Sino-American relations. Sino-American hostility could strain the United States' relationship with Japan, perhaps causing disruption in Japan itself. Asian stability would then be at risk, and these events could even affect the posture and cohesion of a country like India, which is critical to stability in South Asia.

In a volatile Eurasia, the immediate task is to ensure that no state or combination of states gains the ability to expel the United States or even diminish its decisive role. However, the promotion of a stable transcontinental balance should not be viewed as an end in itself, only as a means toward shaping genuine strategic partnerships in the key regions of Eurasia. A benign American hegemony must still discourage others from posing a challenge, not only by making its costs too high, but also by respecting the legitimate interests of Eurasia's regional aspirants.

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More specifically, the medium-term goal requires fostering genuine partnerships with a more united and politically defined Europe, a regionally preeminent China, a postimperial and Europe-oriented Russia, and a democratic India. But it will be success or failure in forging broader strategic relationships with Europe and China that shapes Russia's future role and determines Eurasia's central power equation.

THE DEMOCRATIC BRIDGEHEAD

EUROPE IS America's essential geopolitical bridgehead in Eurasia. America's stake in democratic Europe is enormous. Unlike America's links with Japan, NATO entrenches American political influence and military power on the Eurasian mainland. With the allied European nations still highly dependent on U.S. protection, any expansion of Europe's political scope is automatically an expansion of U.S. influence. Conversely, the United States' ability to project influence and power in Eurasia relies on close transatlantic ties.

A wider Europe and an enlarged NATO will serve the short-term and longer-term interests of U.S. policy. A larger Europe will expand the range of American influence without simultaneously creating a Europe so politically integrated that it could challenge the United States on matters of geopolitical importance, particularly in the Middle East. A politically defined Europe is also essential to Russia's assimilation into a system of global cooperation.

America cannot create a more united Europe on its own—that is a task for the Europeans, especially the French and the Germans. But America can obstruct the emergence of a more united Europe, and that could prove calamitous for Eurasian stability and America's interests. Unless Europe becomes more united, it is likely to become more disunited again. Washington must work closely with Germany and France in building a Europe that is politically viable, remains linked to the United States, and widens the scope of the democratic international system. Choosing between France and Germany is not the issue. Without both these nations, there will be no Europe, and without Europe there will never be a cooperative trans-Eurasian system.

In practical terms, all this will eventually require America's accommodation to a shared leadership in NATO, greater acceptance of

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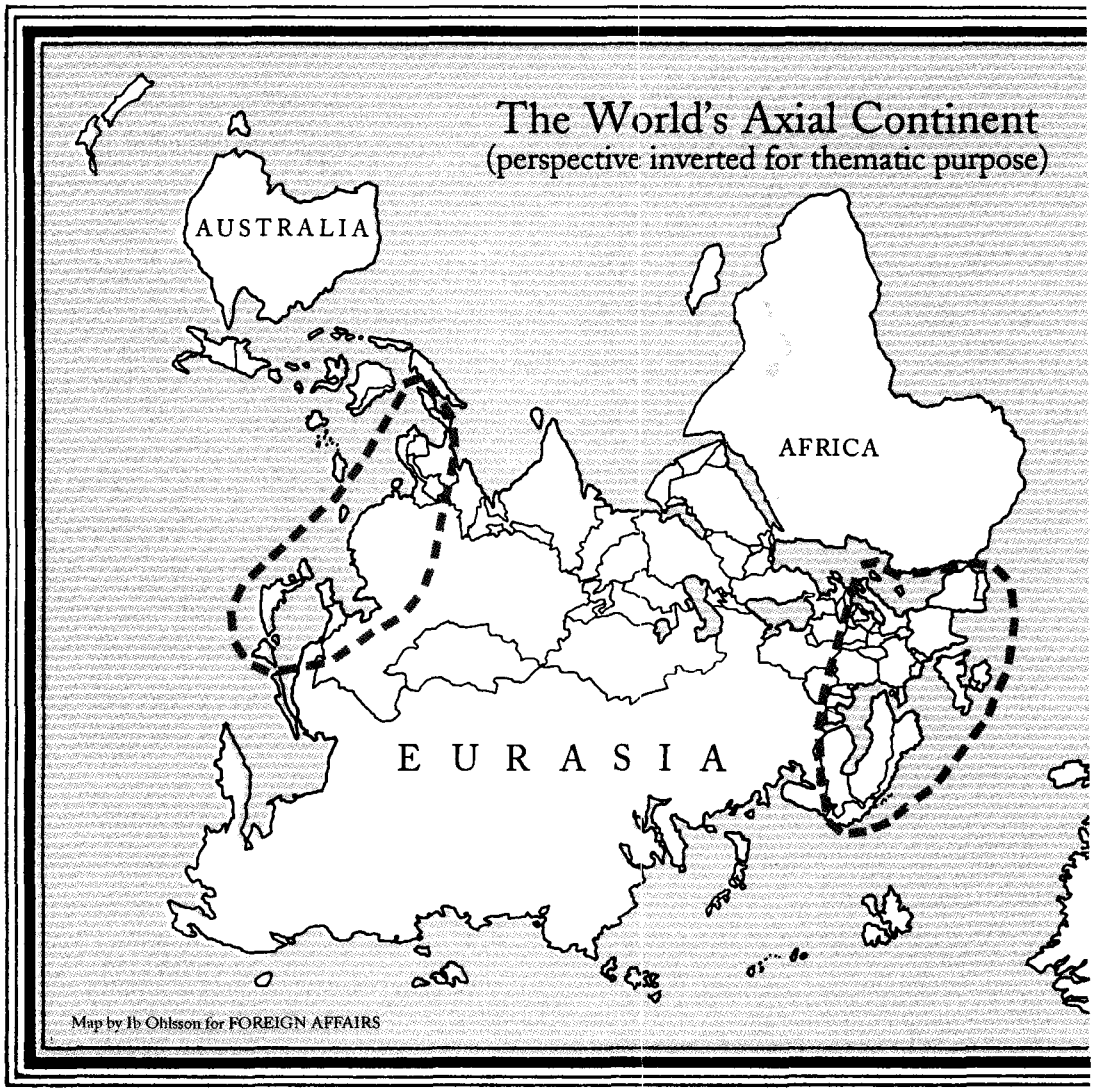

France's concerns over a European role in Africa and the Middle East, and continued support for the European Union's eastward expansion even as the EU becomes politically and economically more assertive. A transatlantic free trade agreement, already advocated by a number of Western leaders, could mitigate the risk of a growing economic rivalry between the EU and the United States. The EU's progressive success in burying centuries-old European antagonisms would be well worth a gradual diminution in America's role as Europe's arbitrator.

Enlargement of NATO and the EU would also reinvigorate Europe's waning sense of a larger vocation while consolidating, to the benefit of both America and Europe, the democratic gains won through the successful end of the Cold War. At stake in this effort is nothing

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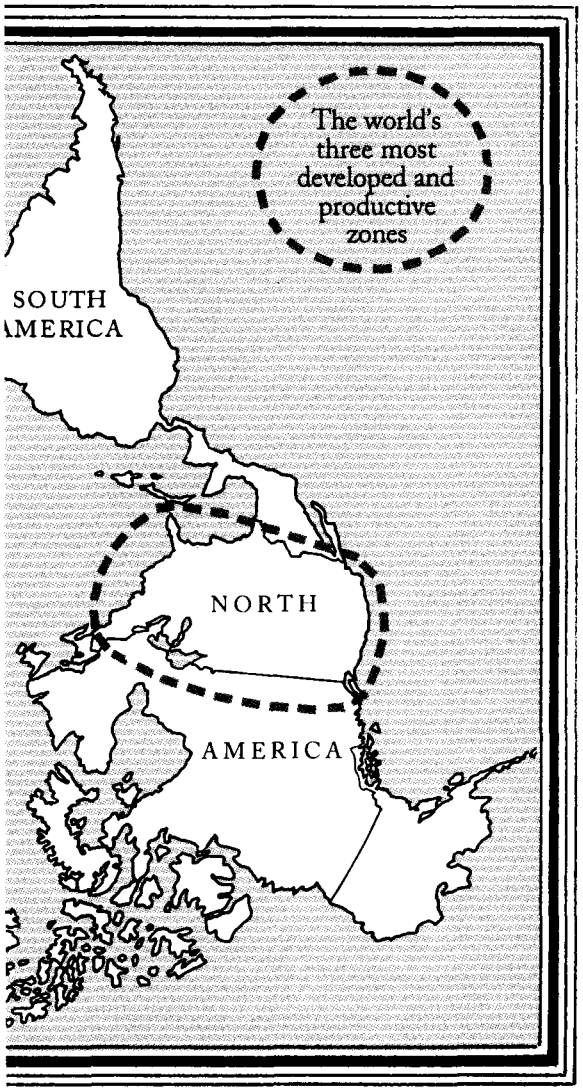

less than America's long-range relationship with Europe. A new Europe is still taking shape, and if that Europe is to remain part of the "Euro-Atlantic" space, the expansion of NATO is essential.

Accordingly, NATO and EU enlargement should move forward in deliberate stages. Assuming a sustained American and Western European commitment, here is a speculative but realistic timetable for these stages: By 1999, the first three Central European members will have been admitted into NATO, although their inclusion in the EU will probably not take place before 2002 or 2003; by 2003, the EU is likely to have initiated accession talks with all three Baltic republics, and NATO will likewise have moved forward on their membership as well as that of Romania and Bulgaria, with their accession likely to be completed before 2005; between 2005 and 2010, Ukraine, provided it has made significant domestic reforms and has become identified as a Central European country, should also be ready for initial negotiations with the EU and NATO.

Failure to widen NATO, now that the commitment has been made, would shatter the concept of an expanding Europe and demoralize the Central Europeans. Worse, it could reignite dormant Russian political aspirations in Central Europe. Moreover, it is far from evident that the Russian political elite shares the European desire for a strong American political and military presence in Europe. Accordingly, while fostering a cooperative relationship with Russia is desirable, it is important for America to send a clear message about its global priorities. If a

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choice must be made between a larger Europe-Atlantic system and a better relationship with Russia, the former must rank higher.

RUSSIA'S HISTORIC TASK

NEW RUSSIAN ties with NATO and the EU, formalized by the Joint NATO-Russia Council, may encourage Russia to make its long-delayed post-imperial decision in favor of Europe. Formal membership in the Group of Seven (G-7) and upgrading the policymaking machinery of the Organization for Security and Cooperation in Europe—within which a special security committee composed of America, Russia, and several key European countries could be established—should encourage constructive Russian engagement in European political and military cooperation. Coupled with ongoing Western financial assistance and infrastructure investment, especially in communication networks, these steps could bring Russia significantly closer to Europe.

But Russia's longer-term role in Eurasia will depend largely on its self-definition. Although Europe and China have increased their regional influence, Russia still remains in charge of the world's largest piece of real estate, spanning ten time zones and dwarfing the United States, China, or an enlarged Europe. Territorial deprivation is not Russia's central problem. Rather, Russia must face the fact that Europe and China are already economically more powerful and that Russia is falling behind China on the road to social modernization.

In these circumstances, Russia's first priority should be to modernize itself rather than to engage in a futile effort to regain its status as a global power. Given the country's size and diversity, a decentralized political system and free-market economics would be most likely to unleash the creative potential of the Russian people and Russia's vast natural resources. A loosely confederated Russia—composed of a European Russia, a Siberian Republic, and a Far Eastern Republic—would also find it easier to cultivate closer economic relations with its neighbors. Each of the confederated entities would be able to tap its local creative potential, stifled for centuries by Moscow's heavy bureaucratic hand. In turn, a decentralized Russia would be less susceptible to imperial mobilization.

Russia is more likely to make a break with its imperial past if the newly independent post-Soviet states are vital and stable. Their vitality

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will temper any residual Russian imperial temptations. Political and economic support for the new states must be an integral part of a broader strategy for integrating Russia into a cooperative transcontinental system. A sovereign Ukraine is a critically important component of such a policy, as is support for such strategically pivotal states as Azerbaijan and Uzbekistan.

Large-scale international investment in an increasingly accessible Central Asia would not only consolidate the independence of the new countries, but also benefit a postimperial and democratic Russia. Tapping the region's resources would increase prosperity and prompt a greater sense of stability, reducing the risk of Balkan-type conflicts. Regional development would also radiate to the adjoining Russian provinces, which tend to be economically underdeveloped. The region's new leaders would gradually become less fearful of the political consequences of close economic relations with Russia. A non-imperial Russia could then be accepted as the region's major economic partner, although no longer its imperial ruler.

EURASIA'S VOLATILE SOUTH

TO PROMOTE a stable southern Caucasus and Central Asia, America must be careful not to alienate Turkey, while exploring whether an improvement in U.S.-Iranian relations is feasible. If Turkey feels like a European outcast, it will become more Islamic and less likely to cooperate with the West in integrating Central Asia into the world community. America should use its influence in Europe to encourage Turkey's eventual admission to the EU, and make a point of treating Turkey as a European state, provided internal Turkish politics do not take a dramatically Islamist turn. Regular consultations with Ankara regarding the future of the Caspian Sea basin and Central Asia would foster Turkey's sense of strategic partnership with the United States. America should also support Turkish aspirations to have a pipeline from Baku, Azerbaijan, to Ceyhan on its own Mediterranean coast serve as a major outlet for the Caspian sea basin energy reserves.

In addition, it is not in America's interest to perpetuate U.S.-Iranian hostility. Any eventual reconciliation should be based on both countries' recognition of their mutual strategic interest in stabilizing Iran's

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volatile regional environment. A strong, even religiously motivated—but not fanatically anti-Western—Iran is still in the U.S. interest. American long-range interests in Eurasia would be better served by abandoning existing U.S. objections to closer Turkish-Iranian economic cooperation, especially in the construction of new pipelines from Azerbaijan and Turkmenistan. In fact, American financial participation in such projects would be to America's benefit.

Although currently a passive player, India has an important role in the Eurasian scene. Without the political support it received from the Soviet Union, India is contained geopolitically by Chinese-Pakistani cooperation. The survival of Indian democracy is in itself important, in that it refutes better than volumes of academic debate the notion that human rights and democracy are exclusively Western. India proves that antidemocratic "Asian values," propagated by spokesmen from Singapore to China, are simply antidemocratic and not necessarily Asian. India's failure would be a blow to democracy's prospects in Asia and would remove a power that contributes to Asia's balance, especially given China's rise. India should be engaged in discussions pertaining to regional stability, not to mention the promotion of more bilateral connections between the American and Indian defense communities.

CHINA AS THE EASTERN ANCHOR

THERE WILL be no stable equilibrium of power in Eurasia without a deepening strategic understanding between America and China and a clearer definition of Japan's emerging role. That poses two dilemmas for America: determining the practical definition and acceptable scope of China's emergence as the dominant regional power and managing Japan's restlessness over its de facto status as an American protectorate. Eschewing excessive fears of China's rising power and Japan's economic ascension should infuse realism into a policy that must be based on careful strategic calculus. Its goals should be to divert Chinese power into constructive regional accommodation and to channel Japanese energy into wider international partnerships.

Engaging Beijing in a serious strategic dialogue is the first step in stimulating its interest in an accommodation with America that

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reflects the two countries' shared concerns in northeast Asia and Central Asia. It also behooves Washington to eliminate any uncertainty regarding its commitment to the one-China policy, lest the Taiwan issue fester, especially after China's digestion of Hong Kong. Likewise, it is in China's interest to demonstrate that even a Greater China can safeguard diversity in its internal political arrangements.

Greater China's geopolitical influence is not necessarily at odds with America's strategic interests.

To make progress, the Sino-American strategic discourse should be sustained and serious. Through such communication, even contentious issues like Taiwan and human rights can be addressed persuasively. The Chinese need to be told that China's internal liberalization is not a purely domestic affair, since only a democratizing and prosperous China has any chance of peacefully enticing Taiwan. Any attempt at forcible reunification would jeopardize Sino-American relations and hobble China's ability to attract foreign investment. China's aspirations to regional preeminence and global status would be diminished.

Although China is emerging as a regionally dominant power, it is not likely to become a global one for a long time. The conventional wisdom that China will be the next global power is breeding paranoia outside China while fostering megalomania in China. It is far from certain that China's explosive growth rates can be maintained for the next two decades. In fact, continued long-term growth at the current rates would require an unusually felicitous mix of national leadership, political tranquillity, social discipline, high savings, massive inflows of foreign investment, and regional stability. A prolonged combination of all of these factors is unlikely.

Even if China avoids serious political disruptions and sustains its economic growth for a quarter of a century—both rather big ifs—China would still be a relatively poor country. A tripling of GDP would leave China below most nations in per capita income, and a significant portion of its people would remain poor. Its standing in access to telephones, cars, computers, let alone consumer goods, would be very low.

In two decades China may qualify as a global military power, since its economy and growth should enable its rulers to divert a significant

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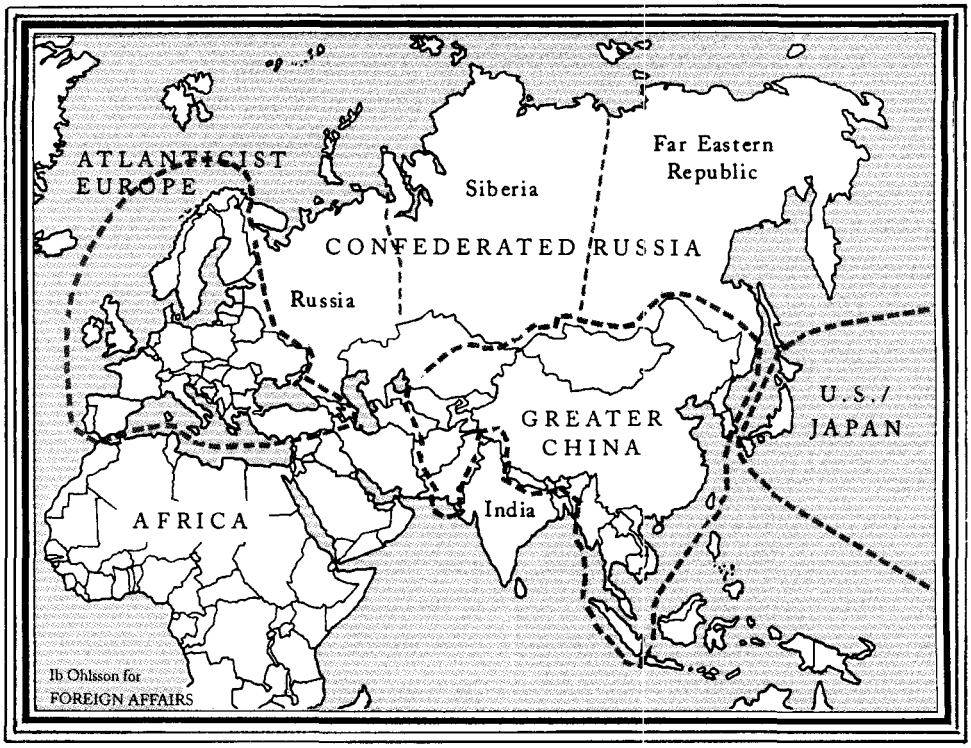

portion of the country's GDP to modernize the armed forces, including a further buildup of its strategic nuclear arsenal. However, if that effort is excessive, it could have the same negative effect on China's long-term economic growth as the arms race had on the Soviet economy. A large-scale Chinese buildup would also precipitate a countervailing Japanese response. In any case, outside of its nuclear forces, China will not be able to project its military power beyond its region for some time.

A Greater China becoming a regionally dominant power is another matter. A de facto sphere of Chinese regional influence is likely to be part of Eurasia's future. Such a sphere of influence should not be confused with a zone of exclusive political domination, like the Soviet Union had in Eastern Europe. It is more likely to be an area in which weaker states pay special deference to the interests, views, and anticipated reactions of the regionally dominant power. In brief, a Chinese sphere of influence can be defined as one in which the first question in the various capitals is, "What is Beijing's view on this?"

A Greater China is likely to receive political support from its wealthy diaspora in Singapore, Bangkok, Kuala Lumpur, Manila, and Jakarta, not to mention Taiwan and Hong Kong. According to

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Yazhou Zhoukan (Asiaweek), the aggregate assets of the 500 leading Chinese-owned companies in Southeast Asia total about $540 billion. The Southeast Asian countries already find it prudent to defer at times to China's political sensitivities and economic interests. A China that becomes a true political and economic power might also project more overt influence into the Russian Far East while sponsoring Korea's unification.

Japan should not be America's unsinkable aircraft carrier in the Far East.

Greater China's geopolitical influence is not necessarily incompatible with America's strategic interest in a stable, pluralistic Eurasia. For example, China's growing interest in Central Asia constrains Russia's ability to achieve a political reintegration of the region under Moscow's control. In this connection and in regard to the Persian Gulf, China's growing energy needs means it has a common interest with America in maintaining free access to, and political stability in, the oil-producing regions. Similarly, China's support for Pakistan restrains India's ambitions to subordinate that country, while offsetting India's inclination to cooperate with Russia in regard to Afghanistan and Central Asia. Chinese and Japanese involvement in the development of eastern Siberia can also enhance regional stability.

The bottom line is that America and China need each other in Eurasia. Greater China should consider America a natural ally for historical as well as political reasons. Unlike Japan or Russia, the United States has never had any territorial designs on China; compared to Great Britain, it has never humiliated China. Moreover, without a viable strategic relationship with America, China is not likely to continue to attract the enormous foreign investment necessary for regional preeminence.

Similarly, without a Sino-American strategic accommodation as the eastern anchor of America's involvement in Eurasia, America will lack a geostrategy for mainland Asia, which will deprive America of a geostrategy for Eurasia as well. For America, China's regional power, co-opted into a wider framework of international cooperation, can become an important strategic asset—equal to Europe, more weighty than Japan—in assuring Eurasia's stability. To recognize this fact, China could be invited to the G-7's annual summit, especially since an invitation was recently extended to Russia.

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REFOCUSING JAPAN'S ROLE

SINCE A democratic bridgehead on Eurasia's eastern mainland will not soon emerge, it is all the more important that America's effort to nurture a strategic relationship with China be based on acknowledgment that a democratic and economically successful Japan is America's global partner but not an offshore Asian ally against China. Only on that basis can a three-way accommodation—one that involves America's global power, China's regional preeminence, and Japan's international leadership—be constructed. Such an accommodation would be threatened by any significant expansion of American-Japanese military cooperation. Japan should not be America's unsinkable aircraft carrier in the Far East, nor should it be America's principal Asian military partner. Efforts to promote these Japanese roles would cut America off from the Asian mainland, vitiate the prospects for reaching a strategic consensus with China, and frustrate America's ability to consolidate stability in Eurasia.

Japan does not have a major political role to play in Asia, given the regional aversion it continues to evoke because of its behavior before and during World War II. Japan has not sought the kind of reconciliation with China and Korea that Germany sought with France and is seeking with Poland. Like insular Britain in the case of Europe, Japan is politically irrelevant to the Asian mainland. However, Tokyo can carve out a globally influential role by cooperating closely with the United States on the new agenda of global concerns pertaining to development and peacekeeping while avoiding any counterproductive efforts to become an Asian regional power. American statesmanship should steer Japan in that direction.

In the meantime, a true Japanese-Korean reconciliation would contribute significantly to a stable setting for Korea's eventual reunification, mitigating the international complications that could ensue from the end of the country's division. The United States should promote this cooperation. Many specific steps, ranging from joint university programs to combined military formations, that were taken to advance the German-French reconciliation, and later between Germany and Poland, could be adapted to this case. A comprehensive and regionally stabilizing Japanese-Korean partnership

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might in turn facilitate a continuing American presence in the Far East after Korea's unification.

It goes without saying that a close political relationship with Japan is in America's global interest. But whether Japan is to be America's vassal, rival, or partner depends on the ability of Americans and Japanese to define common international goals and to separate the U.S. strategic mission in the Far East from Japanese aspirations for a global role. For Japan, in spite of the domestic debates about foreign policy, the relationship with America remains the beacon for its international sense of direction. A disoriented Japan, whether lurching toward rearmament or a separate accommodation with China, would spell the end of the American role in the Asia-Pacific region, foreclosing the emergence of a stable triangular arrangement for America, Japan, and China.

A disoriented Japan would be like a beached whale, thrashing helplessly but dangerously. If it is to turn its face to the world beyond Asia, Japan must be given a meaningful incentive and a special status so that its own national interest is served. Unlike China, which can seek global power by first becoming a regional power, Japan can gain global influence only if it first eschews the quest for regional power.

That makes it all the more important for Japan to feel it is America's special partner in a global vocation that is as politically satisfying as it is economically beneficial. To that end, the United States should consider the adoption of an American-Japanese free trade agreement, creating a common American-Japanese economic space. Such a step, formalizing the growing link between the two economies, would provide a solid underpinning for America's continued presence in the Far East and for Japan's constructive global engagement.

TRANSCONTINENTAL SECURITY

IN THE long term, Eurasia's stability would be enhanced by the emergence, perhaps early in the next century, of a trans-Eurasian security system. Such a transcontinental security arrangement might involve an expanded NATO, linked by cooperative security agreements with Russia, China, and Japan. But to get there, Americans and Japanese must first set in motion a triangular political-security dialogue that engages

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China. Such three-way American-Japanese-Chinese security talks could eventually involve more Asian participants, and later lead to a dialogue with the Organization for Cooperation and Security in Europe. That, in turn, could eventually pave the way for a series of conferences by European and Asian states on security issues. A transcontinental security system would thus begin to take shape.

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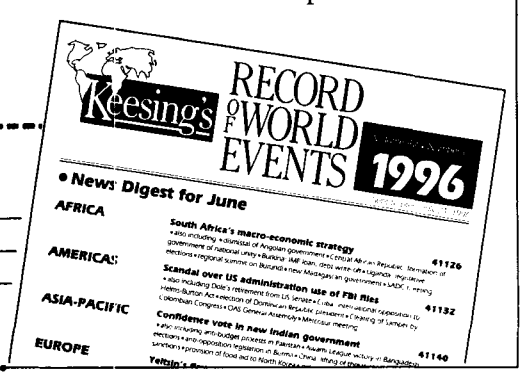

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Is Russia Still an Enemy?

Richard Pipes

Treat your friend as if he will one day be your enemy, and your enemy as if he will one day be your friend.

DECIMUS LABERIUS, FIRST CENTURY B.C.

IT IS OFFICIAL: Russia no longer considers the Western democracies antagonists. The military doctrine that the government of the Russian Federation adopted in 1993 declares that Russia "does not regard any state to be its adversary." The May 1997 NATO-Russia agreement reaffirmed the premise. Although not admitted to NATO, Russia has been given a seat on the alliance's Permanent Joint Council, which assures it, if not of a veto, then of a voice, in NATO deliberations. Given that in last year's presidential election Russian voters rejected the communist candidate for one committed to democracy and capitalism, it is not unreasonable to assume that in time Russia will become a full-fledged member of the international community.

Yet doubts linger because so much about post-communist Russia is unfinished and unsettled. Fledgling democracy contends with ancient authoritarian traditions; private enterprise struggles against a collectivist culture; frustrated nationalist and imperialist ambitions impede the enormous task of internal reconstruction. Russians, bewildered by the suddenness and the scope of the changes they have experienced,

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do not know in which direction to proceed. A veritable battle for Russia's soul is in progress.

Its outcome is of considerable concern to the rest of the world, if only because Russia's geopolitical situation in the heartland of Eurasia enables it, weakened as it is, to influence global stability. Whether it indeed joins the world community or once again withdraws into its shell and assumes an adversarial posture will be decided by an unpredictable interplay of domestic and external factors.

FROM WELL-WISHER TO COLD WARRIOR

OVER THE past three centuries, Russia has had its share of conflicts with what are now NATO countries—notably Turkey, Britain, and Germany—but Russian relations with the United States before the Bolsheviks' seizure of power were exceptionally friendly. In the early decades of the nineteenth century, the two countries had some differences over the northwestern territories of the North American continent, but these they peacefully resolved by treaty in 1824. The czarist government permanently eliminated that source of friction in 1867 when, unwilling to bear the costs of administering and defending Alaska, it persuaded a reluctant U.S. Congress to take the territory off Russia's hands for a nominal payment. During the American Civil War, Russia boosted the morale of the Northern states by dispatching naval units to New York and San Francisco. Secretary of State William Henry Seward declared at the time that Americans preferred Russia over any other European country because "she always wishes us well."

Relations deteriorated to some extent toward the end of the nineteenth century because of the wave of pogroms against Jews that broke out after the assassination of Czar Alexander II and persistent discrimination against American Jews visiting Russia. Another irritant was Russia's expansion in the Far East: in the 1904-05 Russo-Japanese War, U.S. opinion openly favored the Japanese. But all was forgotten when Russia joined the Allied cause on the outbreak of World War I. The United States was the first country to recognize the Provisional Government that took over after the czar's abdication in March 1917.

The seven decades of U.S.-Russian hostility that followed the Bolshevik coup d'état were the result not of a conflict of interests but

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of the peculiar needs of Russia's conquerors, the Soviet ruling elite. The Bolsheviks seized power in Russia not to reform their country but to secure a base from which to launch a worldwide revolution. They never thought it possible to establish a socialist society in a single country, least of all their own, where four-fifths of the inhabitants were peasants rather than Marx's industrial workers. To remain in power, they needed revolutions to break out in the industrialized countries of the West, by which they meant in the interwar years principally Germany and Britain, and after World War II, the United States. The Cold War was an artificial conflict initiated and aggressively pursued by a dictatorship that invoked to its people phantom threats to justify its illegitimately acquired and lawlessly enforced authority. No concessions to the communist regime could attenuate its hostility because its very survival depended on it: as in the case of Nazi Germany, belligerency and expansionism were built into the system.

Indeed, as soon as the Communist Party fell from power, the government that succeeded it abandoned all pretense that the country faced threats from without. If the Soviet regime required international tension, its democratic successor needs peaceful relations with other countries so that it can cut military spending and attract foreign capital. It is clearly in Russia's interests to be on the best of terms with the rest of the world, especially the United States.

FIGHTING THE CULTURE

YET SELF-INTEREST has to contend with a political culture based in traditions of empire-building and reliance on military power for stature rather than security. For, unfortunately, Russia has not made a clean break with its Soviet past.

The bloodless revolution of 1991 that outlawed the Communist Party, oversaw the peaceful dissolution of the Soviet Union, and installed democracy is in many respects incomplete. The new coexists with the old in an uneasy symbiosis. No fresh elites have emerged: the country's political, economic, military, and cultural institutions are run by ex-communists who cannot shed old mental habits. The Duma, the lower house of parliament, is dominated by communists and nationalists equally suspicious of the West and equally determined

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to reclaim for Russia superpower status.[1] Unlike the Bolsheviks, who on coming to power promptly obliterated all the symbols of the overthrown czarist regime, Russia's democrats have left in place the myriad memorials glorifying their predecessors without substituting pervasive symbols of their own.

Russia is torn by contradictory pulls, one oriented inward, hence isolationist, the other imperialist. The population at large, preoccupied with physical survival, displays little interest in foreign policy, taking in stride the loss of empire and the world influence that went with it. People pine for normality, which they associate with life in the West as depicted in foreign films and television programs. Depoliticized, they are unresponsive to ideological appeals, although not averse to blaming all their troubles on foreigners. But for the ruling elite and much of the intelligentsia, accustomed to being regarded as citizens of a great power, the country's decline to Third World status has been traumatic. They are less concerned with low living standards than the loss of power and influence, perhaps because inwardly they doubt whether Russia can ever equal the West in anything else. Power and influence for them take the form of imperial splendor and military might second to none.

In contrast to the Western states, which acquired empires after forming nation-states, in Russia nation-building and empire-building proceeded concurrently. Since the seventeenth century, when Russia was already the world's largest state, the immensity of their domain has served Russians as psychological compensation for their relative backwardness and poverty. Thus the loss of empire has been for the politically engaged among them a much more bewildering experience than for the British, French, or Dutch. Unable to reconcile themselves to the loss, they connive in various ways to reassert control over the separated borderlands and regain superpower status for the motherland.

The situation in today's Russia is highly volatile. There are really two Russias. One is led by the younger, better-educated, mostly urban population that is eager to break with the past and take the

[1]The preponderance of communists in parliament grossly overstates their popularity. It came about because in regional elections they present a single slate, while the disunited democratic parties are prone to field a dozen or more candidates.

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BLACK STAR

Go west, comrade: Moscow billboard, 1993

Western route; the new deputy prime minister, Boris Zemtsov, is a representative spokesman for this constituency. The other Russia is made up of older, often unskilled, preponderantly rural or small-town citizens, suspicious of the West and Western ways and nostalgic for the more secure Soviet past; their principal mouthpiece is the head of the Communist Party of the Russian Federation, Gennadi Zyuganov.

At present the pro-Western contingent runs the country, but it is by no means firmly in the saddle. In the first round of the June 1996 presidential election, incumbent Boris Yeltsin received the most votes (35 percent), but had the anti-liberal opposition combined forces it would have decisively defeated him: Zyuganov won 32 percent of the vote, the extreme nationalist Vladimir Zhirinovsky nearly 6 percent, and the authoritarian Aleksandr Lebed over 14 percent, to produce a theoretically absolute majority of 52 percent. Three years

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ago, when asked what they thought of communism, 51 percent of Russians polled said they had a positive image of it and 36 percent a negative one. (It is, however, indicative of the prevailing confused mood that fewer than half those who expressed a positive attitude toward communism wanted to see it restored.) The popular base of democracy in the country is thus thin and brittle; the political climate can change overnight. Countries like Russia, lacking in strong party organizations and loyalties, are capable of swinging wildly from one extreme to another, often in response to a demagogue who promises quick and easy solutions.

There are two Russias, one eager to take the Western route, one highly suspicious of it.

For Russians, the road to a civil society is long and arduous because they have to overcome not only the communist legacy but also that of the czars and their partner, the Orthodox Church, which for centuries collaborated in instilling in their subjects disrespect for law, submission to strong and willful authority, and hostility to the West. Russia bears a heavy burden of history which has taught its people better how to survive than how to succeed.

Their present striving for what they conceive of as normality is further hampered by a mindset formed in a harsh rural environment that bred suspicion of anyone who did not belong to the community and demanded social leveling within it. (Although the majority of the Russian population lives in cities, the bulk of city dwellers are first- or second-generation peasants who have never been truly urbanized.) As anthropologists have noted, peasants, dependent on a fluctuating but unchanging Nature, tend to believe that the good things in life, such as hunting grounds or farmland, are available only in finite quantities. Having had no opportunity to learn that an economic milieu that enables some to profit more than others can, in the end, benefit all, numerous Russians, like others of the same background, resent anyone more affluent or distinguished than themselves because they believe that such affluence and distinction are purchased at their expense. This attitude impedes both the evolution of market institutions and friendly relations with foreigners. It will come as a surprise to Americans that many Russians, possibly the

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majority, believe that U.S. aid and investments are a ploy to acquire their country's resources at liquidation prices.

AN EMPIRE RECLAIMED

MOSCOW ACKNOWLEDGED the sovereign status of the former Soviet republics, but it is a recognition that comes from the head, not the heart. The patrimonial mentality embedded in the Russian psyche, which holds that everything inherited from one's forefathers is inalienable property, works against accepting the separation of the borderlands as a fait accompli. It prompts Moscow to strive for their gradual economic, political, and military "reintegration" with Russia—which, given the disparity in their respective size and population, can only mean reducing the former republics once again to the status of clients. In this endeavor the government is abetted by the Orthodox Church, which claims authority over all Orthodox Christians of what was once the Soviet Union.

In December 1991, immediately after the dissolution of the U.S.S.R., Moscow created the Commonwealth of Independent States, ostensibly to enable the former Soviet republics to resolve common problems by common consent. In time, ten of the 15 republics joined the CIS, some enrolling of their own free will, others under duress. In 1992, at Moscow's insistence, CIS members signed a mutual security treaty, which in effect entrusted the defense of their territories to the only military force on hand, the Russian army.

Despite the declared objectives of the CIS covenant and its security treaty, Moscow has used the documents, especially the latter, as excuses to meddle in the affairs of the borderlands. At first the preferred technique was economic pressure, which Russia had at its disposal because it owns the bulk of the industries of the defunct Soviet Union as well as the principal developed energy resources. Such pressure became less effective when foreigners began to pour capital investment into the other former republics. The fledgling states have further enhanced their economic independence by signing commercial treaties with each other and friendly neighbors like Poland and Turkey.

The main instrument of "reintegration" today is the Russian army, and this is worrisome because its formidable officer corps is society's

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most embittered and vindictive group. Anyone who spends an hour with Russian generals cannot but feel the intensity of their resentment against the West as well as against their own democratic government for reducing to the status of a negligible force the army that defeated Nazi Germany and was acknowledged by the U.S. military as a peer. The dethroned Communist Party nomenklatura has adapted to the new era by appropriating some of the state's wealth and continuing to manage much of the rest. But the generals, dependent on government allocations, have had no such opportunity, and they seethe with humiliation both personal and professional. Most analogies between contemporary Russia and Weimar Germany fall wide of the mark, but parallels between the general officers of the two are striking: one sees the same sense of degradation and thirst for revenge. As in Weimar Germany, civilian authorities in Russia exert only nominal control over the military; the Ministry of Defense has a single civilian executive.

A modified Brezhnev Doctrine is still in force. Decolonization has been halfhearted.

Although Russia's armed forces are demoralized and starved for money, their command structure remains largely intact and extends over most of what was once the Soviet Union. With the exception of the three Baltic states and Azerbaijan, Russian troops are deployed in every one of the ex-Soviet republics: 24,000 in Tajikistan, 15,000 in Turkmenistan, 5,000 in Uzbekistan, and so on. In Armenia, which has traditionally relied on Russia for protection from Turkey and other Muslim neighbors, Moscow has secured a 25-year basing right for its troops, in return for which it sent Armenia $1 billion worth of military equipment. The ostensible mission of these Russian expeditionary forces is to defend the former republics' borders and protect their ethnic Russian residents. In reality, they also serve as the vanguard of Russia's imperial drive. Moscow interprets the terms of the mutual security treaty as giving it license to intervene militarily in any CIS country where, in its judgment, the commonwealth's security is threatened. Russian troops guarding the border between Tajikistan and Afghanistan have engaged in desultory clashes with Muslim fundamentalist forces. A Russian general stationed in Central Asia declared recently that if hard-line Islamist Taliban units from Afghanistan

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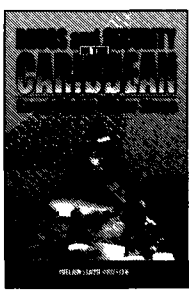

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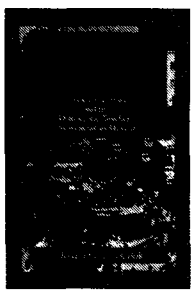

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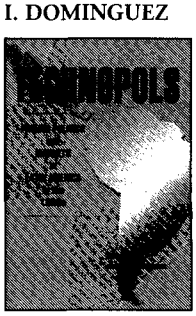

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menaced Tajikistan, his troops would intervene. Thus a modified Brezhnev Doctrine is still in force: Moscow regards any country that was once part of the Soviet Union as falling within the sphere of its security interests. Decolonization has been quite halfhearted.

Georgia is a classic case of Moscow's use of military power for imperial objectives. Moscow overcame Georgia's reluctance to join the CIS by inciting a 1992 rebellion of the Abkhaz minority inhabiting the northwestern region of the country. With Russian political and military backing, the Abkhazians expelled 200,000 ethnic Georgians and declared independence. Unable to quell the rebellion, Tbilisi was forced to request aid from Moscow, which consented to provide it so long as Georgia joined the CIS and acquiesced to 15,000 Russian troops on its territory, along with a Russian "peacekeeping" force in Abkhazia. As soon as Tbilisi met these conditions, the Abkhaz rebellion abated. President Eduard Shevardnadze's efforts to rid his country of the putative Russian peacekeepers have so far proved unavailing. Russian forces guard Georgia's land and sea borders with Turkey; since other troops are stationed on Armenia's western border, Russia has direct access to Turkey along the old Soviet frontier.

Moscow's encroachments on the sovereignty of its onetime dependencies present a serious potential threat to East-West relations. The situation is not entirely clear-cut, since the West tacitly recognizes all lands that were once part of the Soviet Union as Russia's legitimate sphere of influence while insisting that Russia respect the sovereignty of the separated republics. If the past is any guide, in the event of an overt conflict between Russia and another of the former republics, the European allies are unlikely to go beyond expressions of regret. The United States, however, is almost certain to react more harshly, especially if the victim of Russian intimidation is Ukraine or one of the countries adjoining the Caspian Sea—the former because of its geopolitical importance, the latter because of those oil-rich states' potential contribution to the world economy.

The existence of petroleum in the Caspian region has been known since antiquity; in late czarist Russia Baku was the center of the empire's oil production. Since 1991 Western companies have engaged in intensive exploration around the Caspian, which has led to the discovery in Turkmenistan, Azerbaijan, and Kazakstan of oil reserves estimated

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to be at least as large as those of Iraq and perhaps equal to those of Saudi Arabia. International consortia are pouring hundreds of millions of dollars into the three former republics to extract the oil and natural gas and ship them to world markets. Direct foreign investment in the three countries nearly equals that in Russia.

Having lost these assets, Russia for the time being contents itself with pressing its claim to their transport, demanding that all oil from the Caspian region be sent by pipeline across Russian territory to the Black Sea port of Novorossiysk. This damaged pipeline runs through Chechnya, which for years has been torn by ethnic strife. For security reasons, as well as to prevent Moscow from using the pipeline for political or economic blackmail, the oil-producing republics and their foreign backers prefer an alternate route running across Azerbaijan and Georgia to the Black Sea and from there to the Mediterranean coast of eastern Turkey. The issue is a matter of keen competition between Russia and foreign oil firms, in which the other republics concerned, for both economic and political reasons, lean toward the latter.

DREAMS OF THE GENERALS

MANY INFLUENTIAL persons in Russia want to regain not only the empire but the status of superpower. Russia cannot attain the latter objective by economic means, which in the modern world confer such rank; its partial inclusion in the Group of Seven is little more than a public relations ploy to compensate it for its forced acquiescence to the expansion of NATO into Eastern Europe. Russia's claim to be a world power has traditionally rested on military prowess, and the temptation is to resort to this expedient once again.

It is common knowledge that Russia's armed forces are destitute and demoralized. Officers drive taxis; soldiers engage in crime for the money. There is so much draft-dodging that officers are believed to constitute half of military personnel. While some generals find the situation intolerable and virtually threaten mutiny, the more far-sighted view it as a temporary setback that they can exploit to revamp the armed forces. Their ambition is to lay the groundwork for a military establishment so effective that its mere presence will guarantee Russia what they deem its rightful place among nations.

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That projected force differs greatly from Russia's traditional army, which relied on masses of foot soldiers storming enemy positions without regard to casualties. For one thing, Russia no longer commands unlimited manpower. The death rate exceeds the birthrate; the percentage of babies with genetic defects is well above normal. Nor is there money to rebuild and maintain a large standing force, let alone switch to an all-volunteer army, which President Yeltsin mentions from time to time. Apart from these constraints, Russia's strategists have absorbed the lessons of the Persian Gulf War, which conclusively demonstrated the superiority of modern weapons technology over conventional forces. They were awed by the Americans' ability, before the battle was even joined, to disable Iraq's large and well-equipped army through the electronic suppression of its military communications network, cutting off forces in the field from the command. They were no less impressed by precision missiles' ability to strike and destroy key enemy installations. Those lessons have persuaded them to abandon Russian canon and adopt what American military theorists have designated the revolution in military affairs.

Generals believe that revamping the military can reestablish Russia as a great power.

Russia's new military doctrine, approved by the Yeltsin government in 1993, following U.S. practice calls for a shift in defense allocations from procurement to research and development. Hoover Institution Fellow Richard F. Staar estimates that 1997 expenditures on high-technology R&D will account for 40 percent of the defense budget. Drawing on Russia's excellent scientific talent in the field of military technology, the new doctrine projects designing, with the help of supercomputers imported from the United States, prototypes of directed-energy weapons, electronic warfare equipment, and stealth aviation. Naval weaponry is to be emphasized as well. Russia recently established an Academy of Military Sciences to study "military futurology" so as to anticipate developments among potential enemy nations and thus insure itself against shocks like Operation Desert Storm. Such a program can be carried out with the limited funds currently allocated the armed forces. First Deputy Defense Minister Andrei Kokoshkin boasts that it will enable Russia to produce weapons "that have no equivalent in the world."

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Until they have designed the new military hardware and secured sufficient funds to procure it—a period of between ten and 20 years, in their estimation—Russian generals intend to rely on the nuclear deterrent. They have revoked Brezhnev's 1982 "no-first-use" pledge and, in view of the superiority of NATO 's conventional forces, adopted NATO 's own flexible response strategy, formulated when Soviet conventional forces enjoyed the upper hand.

Of what use will such a modernized force be to Russia? The new military doctrine speaks of protecting Russia's "vital interests," but these are nowhere defined, an omission that reflects widespread confusion in the country about its place in the world. Certainly, apart from restoring to Russia the prestige of a great power, the new force will enable it to insist on a sphere of influence in adjacent regions, thereby again becoming a leading player on the global stage.

Even in its present reduced state, Russia still has the world's longest frontier, bordering Europe and East Asia, neighboring on the Middle East, and even touching North America. Its capacity for exploiting instabilities along its borders is therefore undiminished. Historically, whenever it has suffered setbacks in one sector of its frontier, Russia has shifted attention to the others. The pattern seems to be repeating itself: feeling rebuffed by Europe, Moscow is turning to the Middle East and East Asia. Yeltsin declared in May that to counter the "Western alliance's expansion plans" his administration has designated the integration of the CIS and the strengthening of ties with China its principal foreign policy goals. Moscow is also cultivating Iran and the other fundamentalist Muslim states. Given the interest of Western powers in Caspian oil and the desire of former Soviet republics in that region to escape Russian pressures for dissolution in the CIS by drawing closer to Turkey, a new political alignment appears to be emerging along Russia's southern frontier. With it, a new East-West geopolitical fault line, running somewhere across Central Asia and the Caucasus, seems to be opening up.

THE CHOICE

IT IS IMPOSSIBLE at this time to foresee which path Russia will choose, pro-Western or anti-Western. The country's political structures are too fragile and the mood of its people too volatile for predictions.

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Russia's true national interests demand a pro-Western alignment and integration into the world economy. The ambitions and emotional needs of Russia's elite, however, pull in the opposite direction: away from the global economic order dominated by the industrial democracies and toward reliance on military power as well as rapprochement with countries that for one reason or another are hostile to the West. The latter course is alluring because catching up with the West militarily would be much easier for Russia than catching up economically.

Yet it would be an error of historic proportions if Russia threw away the chance of becoming a genuine world power to pursue the illusion of power based on the capacity to threaten and coerce. Russia was acknowledged as a superpower during the Cold War not by virtue of economic might, technological leadership, or cultural achievement, but solely because it possessed weapons capable of wreaking universal destruction—in other words, because of its ability to blackmail the world. The hollowness of Russian claims to superpower status became apparent immediately after the collapse of the Soviet Union: having abandoned its adversarial posture in order to carry out long overdue internal reforms, Russia stood revealed as a second-class power, dependent on foreign loans and exports of raw materials.

The next few years will confront Russia with a supreme test. Can the nation realize its aspirations through internal reconstruction and international cooperation, or will it once again seek to make its mark by resorting to military force and exploitation of international tensions?

Each year that Russia continues as a partner of the West strengthens the forces that favor development over expansionism. A younger generation aspiring to be Western gradually replaces the older one mired in nostalgia for the Soviet past. A business class emerges that has little use for militarism, along with a new breed of politicians who cater to an electorate more concerned with living standards than imperial grandeur.

The choice will be made by the Russians themselves; the West can influence the decision only marginally. The situation calls for a subtle policy that mixes toughness with understanding of Russian sensitivities. No special favors should be granted. They only whet the appetites of nationalists who interpret undeserved concessions to mean that the world is so anxious to bring Russia into the international community that it is prepared to show boundless tolerance for its behavior.

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Moscow should not be allowed to increase its forces in the country's southern regions in violation of the 1990 Conventional Forces in Europe Treaty, or to bully its erstwhile republics and ex-satellites. The world must not acquiesce to a new Brezhnev Doctrine.

At the same time, Western leaders should consider ways of avoiding actions that, without any real bearing on their countries' security, humiliate Russians by making them keenly aware how impotent they have become under democracy. These leaders should consider whether extending NATO to Eastern Europe to forestall a putative military threat to the region is worth alienating the majority of politically active Russians, who see the move as permanently excluding their country from Europe and giving it no alternative but to seek allies in the east. The ambiguity of a "gray zone" between Russia and the present members of NATO would actually help assure Russia that even if it is not politically and militarily part of Europe, it is also not categorically excluded. Projected joint military exercises of forces from the United States and the Central Asian nations scheduled for September in Kazakstan and Uzbekistan are certain to be perceived in Moscow as a deliberate provocation: what purpose do they serve? Assistance of any kind, no matter how well-meaning, must take into account Russian people's suspicions of the motives behind it, irrational as these may be. Immense patience and empathy are required in dealing with Russia's halting progress toward democracy; failure to display them only helps anti-Western forces.

Is Russia then still an enemy? It is not and it ought not to be. But it might become one if those who guide its destiny, exploiting the political inexperience and deep-seated prejudices of its people, once again aspire to a glory to which they are not yet entitled save by the immensity of their territory, meaningless in itself, vast mineral resources that they cannot exploit on their own, and a huge nuclear arsenal that they cannot use. Russia could again become an adversary if, instead of building their country from the ground up after seven decades of destruction such as no nation in history has ever inflicted on itself, its leaders once again were to seek to escape the difficulties facing them through self-isolation and grandstanding. I fear that if it fails to confront reality and tries to make up for internal shortcomings by posturing on the global stage, Russia may not be given another chance.

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Is Capitalism Too Productive?

Paul Krugman

DRAINING THE GLOBAL GLUT

THE GREAT majority of those who voted for Lionel Jospin's Socialists in the French elections earlier this year were surely voting against, not for: they were protesting high unemployment and the aloof austerity of Alain Juppé's conservative government, not endorsing the specifics of the opposition's program. Nonetheless, Jospin's elevation to prime minister is a remarkable event. Sooner than anyone might have expected, a radical economic doctrine has emerged from obscurity to become, in principle at least, the official ideology of a major advanced nation's government.

Let me give that economic doctrine a name, and call it global glut. It may be summarized as the view that capitalism is too productive for its own good—that thanks to rapid technological progress and the spread of industrialization to newly emerging economies, the ability to do work has expanded faster than the amount of work to be done.[1] In its milder forms, the global glut doctrine involves the belief that policies should aim at increasing demand rather than supply; thus its American advocates have opposed efforts to eliminate the budget deficit or increase national savings, claiming that such efforts will actually reduce the economy's growth. In its more extreme forms, the doctrine calls for outright reductions in the economy's capacity, in particular through "work-sharing" schemes that reduce the length of the workweek. And it was this extreme form that was a central

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plank of Jospin's program: he called for a mandated reduction in France's workweek from 39 to 35 hours.

Heterodox doctrines, in economics and elsewhere, often fail to get adequately discussed in their formative stages. Both the intellectual and the political establishment tend to regard them as unworthy of notice. Meanwhile, those doctrines can seem compelling to large numbers of people, some of whom may have considerable political clout, financial resources, or both. By the time it becomes apparent that such influential ideas—say, supply-side economics—demand serious attention after all, reasoned argument has become very difficult. People have become invested emotionally, politically, and financially in the doctrine, careers and even institutions have been built on it, and its proponents can no longer allow themselves to contemplate the possibility that they have taken a wrong turn.

The doctrine of global glut has probably not yet reached that point. Even Jospin's Socialists could still quietly drop work-sharing from their program without much of a backlash, provided they deliver in other ways. And with only a few exceptions, American intellectuals and politicians who have been flirting with some version of the doctrine can still modify their views without too much embarrassment. But now is the time to discuss the doctrine seriously, before it becomes a dogma impervious to logic and evidence.

Let me not be too coy about my verdict. The idea of a global glut does not stand up to examination; it is conceptually confused, and its advocates seem oddly unaware of even very basic facts. But it is evidently a doctrine that many intelligent people find compelling; it

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[1]The most visible proponents of the global glut doctrine have been Jeremy Rifkin (*The End of Work: The Decline of the Global Labor Force and the Dawn of the Post-Market Era,* New York: G. P. Putnam, 1995) and the journalist William Greider (*One World, Ready or Not: The Manic Logic of Global Capitalism,* New York: Simon and Schuster, 1997). Similar views have been expressed by *The New Republic*'s John Judis (see, for example, "Global Capitalism," his dialogue with Clive Crook of *The Economist* in *Slate,* February 24-March 24, 1997) and by the economist Robert Heilbroner (*Visions of the Future: The Distant Past, Yesterday, Today, Tomorrow,* New York: Oxford University Press, 1995). Global glut views are common among European trade union officials and left-of-center politicians (even Philippe Séguin, Juppé's successor as head of the Gaullist Rally for the Republic, advocates banning self-service gas pumps as a pro-employment measure) and prevail in bestsellers such as the writer Viviane Forrester's *L'Horreure Economique,* Paris: Fayard, 1996.

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is therefore important both to lay out the case against a global glut and to try to understand why the doctrine is so appealing, despite its intellectual vulnerability.

TOO MUCH OF A GOOD THING?

CONCERNS THAT capitalism might be too productive for the good of its workers, perhaps even for the good of the capitalists themselves, have been with us almost since the beginning of the Industrial Revolution. The slump that followed the end of the Napoleonic Wars, and the brutal displacement of handweavers by the power loom, forced even classical economists to consider the possibility that the introduction of improved technology might have some adverse effects. Thus David Ricardo's *The Principles of Political Economy and Taxation* (1817), which among other things first demonstrated rigorously the benefits of free trade, also included a chapter entitled "On Machinery" about the possibility of technological unemployment.

More or less modern concerns about excessive productivity emerged in the 1930s and 1940s. It was natural that some observers would tie the lack of jobs during the Great Depression to the widespread introduction of mass production techniques in the 1920s. Keynesian economics, which legitimized concerns about overall inadequacy of demand, provided an intellectual framework for the idea. During the late 1930s and early 1940s, many economists subscribed to a doctrine—often referred to as "secular stagnation"—that was quite similar to global glut. Secular stagnationists pointed out that well-off families tended to save a higher fraction of their income than poor ones; thus, they argued, per capita consumer spending would not keep pace with growth in per capita income. The economy could therefore maintain full employment only if investment spending grew much more rapidly than income, which seemed unlikely. So the secular stagnationists predicted a return to depression conditions once World War II was over, and a tendency toward ever-growing unemployment rates over time.

Postwar developments in economic theory, together with the experience of the postwar boom, pretty much eliminated secular stagnationism among professional economists. The doctrine did

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live on in more popular writings, often bound up with concerns about the impact of "automation," the supposedly imminent widespread replacement of workers by machines. But by and large, concerns that capitalism might simply be too productive remained dormant from the early 1950s to the 1980s.

The rise of the current doctrine of global glut can be traced to three main changes. First, mass unemployment has reemerged in Western Europe, although not in the United States. Most economists and business leaders blame the long-term rise in European unemployment on "Eurosclerosis," a condition brought on by excessive taxation and regulation. But many of Europe's trade union leaders and some of its political leaders have concluded instead that there simply is not enough work to go around, and that this problem is becoming ever more acute as labor productivity rises. Thus proposals similar to Jospin's work-sharing scheme have been common on the European scene for a decade or more. Demands for work-sharing became particularly intense when Europe went into an economic slump in the early 1990s; the concept even received a somewhat blurry endorsement in a 1993 European Commission white paper, *Growth, Competitiveness, Employment.*

Concerns that capitalism was too productive first arose during the Industrial Revolution.

Second, there is a widespread perception that productivity growth in the advanced countries, especially in the United States, has accelerated. What turned out to be a temporary period of "jobless recovery" in 1991-92—that is, of growing GDP but rising unemployment—apparently had a permanent impact on some economic writers, convincing them that the traditional link between growth and jobs had been severed.

Finally, the spread of industry to newly emerging economies and the rapid growth in exports from those economies has fed the sense that global productive capacity is growing headlong, far too fast for demand to keep up. Indeed, some global glut adherents, notably William Greider, not only believe that growth will lag behind capacity, but warn that the growing gap between potential supply and demand will provoke an economic crisis like that of the 1930s, with output plunging. The doctrine of global glut, then, is a response to some real changes in the world economy.

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IS THERE REALLY A GLOBAL GLUT?

To get some perspective on the global glut, it may be useful to focus on three propositions that are crucial to the doctrine, one about supply and two about demand (because we need to ask somewhat different questions about demand in advanced and in developing countries). The propositions are:

(1) Global productive capacity is growing at an exceptional, perhaps unprecedented, rate.

(2) Demand in advanced countries cannot keep up with the growth in potential supply.

(3) The growth of newly emerging economies will contribute much more to global supply than to global demand.

Are these propositions true about the present, or likely to be true about the future?

Productive Capacity

Popular economic discussion tends to be driven by impressions and anecdotes, rather than statistics. There is something to be said for this attitude, especially in times of rapid change: statistics designed to track the last generation's economy can easily miss crucial aspects of what is happening right now. On the other hand, anecdotes tend to emphasize the exciting and different and to miss the continuous. The fundamental things stay the same as time goes by, but you may not remember this if you focus too much on the interesting anecdotes.

The belief of commentators like Greider that there is huge growth in productive capacity seems to be driven largely by tales of individual industries that clearly do have a problem of overcapacity, notably automobiles. The problem with such stories is that in an unpredictable world, the emergence of excess capacity in particular industries that overestimated their market prospects is a normal hazard of business as usual—as is the emergence of capacity shortages in industries that underestimated demand. At times the balance is clear: at the bottom of a severe recession, or even after a more modest slump like 1990-91, there is a clear predominance of excess supply. But at the moment there are shortages of some things, such as office space in many cities, coffee beans, and skilled machinists, at the same time that there are

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Are they spending as much as they should?
Massys' The Banker and his Wife

excess supplies of others, like auto assembly plants. Which stories should we regard as defining, and which as incidental?

Another source of the belief in surging productive capacity is the impression of breakneck progress created by the triumphs of digital technology, where Moore's Law—which says that the price of a given computation halves every 18 months—implies a state of permanent revolution. But there is more to production than computation. Even in manufacturing, reports of the workerless factory have repeatedly proved premature; the much-hyped arrival of industrial robotics in the 1980s turned out to be no more than a modest addition to the arsenal of production techniques. Evidence of a productivity revolution is even harder to find outside the manufacturing sector. The paper-

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less, secretaryless office, for example, is something that is always about to happen but somehow never does.

For what they are worth, official estimates of the overall rate of capacity growth in advanced countries are distinctly unimpressive. The Organization for Economic Cooperation and Development and the International Monetary Fund both estimate the rate of growth of potential GDP (the amount an economy can produce at normal rates of capacity utilization) in the advanced economies as a group at no more than 2 to 3 percent annually—about the same as in the previous 20 years, and well below the growth rates of the 1950s and 1960s.

But can such estimates be trusted? Technological enthusiasts are quick to point to qualitative improvements that normal estimates of real GDP miss, like the convenience of automatic teller machines. On the other hand, such poorly measured quality improvements were arguably equally important in earlier decades; it is anybody's guess whether the undermeasurement is greater now than before.

There is one point nobody would dispute: the stunningly rapid industrialization of some developing countries, mainly in Asia, has contributed to an acceleration in the growth of world capacity.

Averaging these dreary official estimates of potential growth with the impressive actual growth rates in Asia suggests that overall productive capacity in the world's market economies is growing at something close to 4 percent per year. This is better than the 3 percent or so growth in the 1970s and 1980s, but somewhat less than in the 1950s and 1960s. Perhaps the estimates are more wrong now than they were then, but the case for unusually high growth in productive capacity is weak at best, and there is no case for the more breathless claims about unprecedented expansion.

Demand in the Advanced Countries

Even if the growth in capacity is more modest than the hype would have it, the capacity will go unused unless consumers provide sufficient demand. Conventional economists do not see any problem here. After all, if the growing capacity of advanced countries is in fact used, income will rise in line with that capacity; and if income rises, why won't consumer demand rise too? Somewhat oddly, none of the

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main proponents of the global glut doctrine offers any direct refutation of this standard view. Greider, Rifkin, and even Heilbroner (who should at least be aware of the conventional argument) seem to take it for granted that if growth in supply is too rapid it will outstrip growth in demand. Judis has pointed out that the 1930s did happen, proving that demand need not always equal supply, but that argument says nothing about whether growing capacity itself (as opposed to, say, monetary mismanagement) will provoke a slump.

Newly industrializing countries are buying even more than they are producing.

Reading between the lines, however, it seems likely that the global glutters, like the secular stagnationists of yore, have in mind the idea that as income rises, consumers become saturated—that having bought all their necessities, they become reluctant to increase spending even if their income rises. This idea seems confirmed by ordinary experience: well-off families typically do save much more of their income than the poor. Some of the global glutters follow this logic a bit further, suggesting that consumer demand is also limited by the maldistribution of income within advanced countries, or at least within the United States. Struggling families would spend more if they could, but income gains go instead to the rich, who hoard income instead of spending it.

It is evidently a persuasive story. But it runs up against an awkward fact: consumer spending in the United States *has* kept up with rising income for a very long time. Real per capita income today is roughly triple what it was in the late 1940s, the heyday of secular stagnationism. And that income is substantially more unequally distributed. Yet the fraction of personal income that consumers save is actually lower now than it was then. Somehow or other, most Americans, including many of those in the upper echelons of the income distribution, have found ways to spend their income without becoming saturated.

If you think about it, this is not all that amazing. Most readers of *Foreign Affairs* surely know people with annual incomes of $300,000 or more. Indeed, a fair number of readers probably meet that description themselves. In reality, how hard is it to find ways to spend that money? A really nice home, a second home or nice vacations, private colleges for

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the children, two good cars . . . Yet even if median family income in the United States grows at 2 percent per year, it will take a century before the median family has an income equivalent to $300,000 in today's dollars.

It is true that people with above-average incomes tend to save more than people with lower incomes. But economists have long realized that this fact is mainly a sort of statistical optical illusion. In any one year, the class of people with high incomes includes a disproportionate number of people who are doing better than usual and saving for a rainy day, while the class of people with low incomes includes a disproportionate number of people who are doing worse than usual and drawing down their savings. But when people's normal or typical (or, in the jargon of economists, "permanent") income rises, as it does as the economy grows, their spending grows right along with it. In short, it is hard to see any justification for the belief that consumer demand in advanced countries cannot keep up with growing capacity.

The Third World

It is when we come to the role of newly industrializing economies that emotions and confusion run highest. Perhaps the best way to sort things through is to present the story as a Panglossian conventional economist might tell it, see how the global glut advocates differ with that story, and look at the relevant facts.

The agreed starting point is that there has been a rapid increase in the productivity of labor in some developing countries. Hundreds of millions of workers who were previously of little account in the global economy are now an important productive resource, adding to the world's productive capacity.

The conventional economist sees no problem in this development. To be sure, the world's productive capacity is increased, but higher productivity will mean higher incomes. And since one can hardly claim that consumers are already saturated in such poor nations, demand will increase along with supply. The newly industrializing economies, says conventional theory, will in general spend about as much as they earn—or, what is the same thing, import as much as they export.

Actually, a conventional economist might well predict that emerging economies will in general run trade *deficits*. After all, one might expect these economies to attract inflows of investment from abroad.

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And a country that attracts a net inflow of capital must, by definition, be a country where domestic investment exceeds domestic savings, and which will therefore have spending in excess of its income. But a country that spends more than it earns must run a trade deficit, importing the difference. (More precisely, it would run a deficit on the current account, which includes trade in services and the income from past investments).[2]

But how can this be? Won't countries that have very low wage rates be extremely cost-competitive, and therefore run trade surpluses? Well, the conventional economist has a pat answer for that too: wages will rise in line with productivity, so that those countries won't be all that cost-competitive after all.

To believers in an emerging global glut, this all seems naively optimistic. A representative statement of their position came in the scholar Alan Tonelson's review in the June 15 *New York Times Book Review* of former Under Secretary of Commerce Jeffrey Garten's *The Big Ten: The Big Emerging Markets and How They Will Change Our Lives.* Tonelson asserts that "consumer markets in these emerging markets are likely to stay small for decades . . . Two reasons stand out. First, largely because most of these countries have huge foreign debts to pay off, and therefore need to discourage consumption by their populations, they are pursuing export-led growth strategies. Second, if they don't keep wages and purchasing power low, they will have difficulty attracting the foreign investment they require, both to service debt and to finance growth." In short, emerging economies will not add nearly as much to global demand as they will to global supply.

This hypothesis seems clear enough. Yet if one rereads Tonelson's remarks, or similar passages in Greider's new book, and also does some research—say, by buying a copy of *The Economist* on the newsstand and opening to the "emerging market indicators" on the last page—

[2]Imagine a country with a GDP of $100 billion, of which it consumes $70 billion and saves $30 billion. In the absence of capital inflow, the funds for investment must come from domestic savings, so investment would be $30 billion and total spending (consumption plus investment) would just equal GDP. If $10 billion of foreign capital comes in, however, investment would be $40 billion, and total spending would be $110 billion. But every purchase is also a sale, so how can a country's spending be greater than its income? The answer is that the extra $10 billion is spent on foreign goods; so in this example, the country would have a trade deficit of $10 billion.

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one receives a bit of a shock. Tonelson seems to believe that newly industrializing economies are currently engaged in "export-led" growth—that is, that they are selling much more to advanced countries than they buy in return—and that it is naive to expect this pattern to change. Presumably, then, he believes that these economies are currently running large trade surpluses. Table 1, however, shows the trade and current account balances of Garten's "big ten": seven are running trade deficits, as is the group as a whole, and all but one are running current account deficits. More broadly, of the 25 emerging markets covered in *The Economist,* 17 are running trade deficits, 20 current account deficits. This is export-led growth?[3]

Let me put it this way: if you read what the global glut advocates have to say, you might have the impression that right now the newly industrializing countries are running huge trade surpluses, and that it is a dubious theoretical prediction that at some future date they will begin to import as much as they export. But the truth is just the opposite: the emerging economies as a group are running trade deficits, and it is merely a speculative prediction on the part of the global glutters that at some future date they will start to run large trade surpluses. (And it is a speculative prediction that seems to have some conceptual problems too. Notice that Tonelson appears to say that these countries will run large surpluses because they must keep wages low to attract foreign investment. He seems unaware that a country that attracts a net inflow of foreign investment must, strictly as a matter of accounting, run a current account deficit.)

There is a similar inversion of the relationship between fact and hypothesis when we turn to the behavior of wages in newly industrializing economies. Perusing the global glut writers, you might have the impression that thus far wages in emerging economies

[3]The black sheep of the group is China, which runs a large trade surplus, though only a small current account surplus. In understanding Chinese trade, it may be useful to consider two points. First, Hong Kong runs a large trade deficit; if one regards Hong Kong and China as a single economy, as one surely should, the overall surplus is far less impressive. Second, looking at the whole *Economist* list of emerging markets, the largest surplus is run by Russia. There is no mystery about Russia's surplus: it occurs because nervous businesspeople and corrupt officials siphon off much of the nation's foreign exchange earnings and park them abroad, rather than making them available to purchase imports. Political uncertainty has had a similar, if milder, effect on China–plus–Hong Kong.

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TABLE 1

TRADE AND CURRENT ACCOUNT BALANCES IN THE 'BIG TEN'

(DOLLARS IN BILLIONS)	TRADE BALANCE	CURRENT ACCOUNT
ARGENTINA	-0.9	-4.0
BRAZIL	-10.3	-27.8
CHINA	23.6	1.6
INDIA	-5.0	-5.1
INDONESIA	7.1	-7.8
MEXICO	-2.1	-4.3
POLAND	-9.8	-3.1
SOUTH AFRICA	1.9	-2.0
SOUTH KOREA	-22.3	-25.9
TURKEY	-18.4	-4.4

SOURCE: *The Economist*, June 14-20, 1997, p. 114. The data refer to the most recent available year for each country, e.g., China's trade balance is for the year ending April.

have failed to rise along with productivity, and that assertions that they will rise in the future are purely optimistic speculation. In fact, those developing economies that have had rapid productivity growth in past decades have also, without exception, had rapid increases in wages. Japan, we should not forget, was once a low-wage country, and as recently as the early 1970s many Western critics accused it of deliberately keeping wages low in order to foster a trade surplus. Today hourly compensation in manufacturing in Japan is higher than in the United States. And as Table 2 shows, the original four Asian "tiger" economies have experienced huge wage increases over the past two decades. In other words, the evidence to date is that wages do in fact rise along with productivity, and it is the assertion by global glutters that they will not do so in the future that is pure speculation.

All this is fairly puzzling. The advocates of the global glut doctrine see themselves as more realistic than conventional economists; they see themselves as rejecting an abstract framework that gives excessively optimistic assurances in favor of a clear-eyed view of the world as it really is. Yet the data bear out the supposedly naive views of conventional economists, while the global glutters turn out to be speculative theorists who assert, without justification, that the future will be entirely different from the past and present.

TABLE 2

WAGES IN THE ASIAN 'TIGERS'

(HOURLY COMPENSATION AS % OF U.S.)	1975	1995
HONG KONG	12	28
SINGAPORE	13	43
SOUTH KOREA	5	43
TAIWAN	6	34

SOURCE: U.S. DEPARTMENT OF LABOR

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There must be something peculiarly compelling about the idea of a global glut—so compelling that it persuades intelligent people not just to reject conventional economics but to overlook inconvenient facts.

A FAILURE OF IMAGINATION

THERE ARE probably many readers who, despite the previous discussion, still find it hard to shake the notion that there is now or soon will be a massive global oversupply of goods. After all, world productive capacity is increasing steadily—even if not quite as rapidly as some accounts would have it—and it is hard to *imagine* how all that capacity can be used. That, I believe, is at the heart of the global glut doctrine's appeal: it is hard to imagine what a much more productive world economy would look like. But the deficiency is in our imaginations, not in the real economy, which will have no trouble using that capacity.

The misconceptions that make the idea of a global glut seem plausible probably begin with a fallacy of composition. If you look at individual industries in isolation, both productivity growth and globalization can easily seem to be job-destroying forces. The U.S. steel industry has experienced a dramatic rise in output per worker since 1980; the result has been a sharp drop in the number of steelworkers. Many developing countries have become exporters of clothing; the result has been a decline in garment industries in the advanced countries. So won't a further rise in productivity throughout the economy and the further industrialization of the Third World mean job losses throughout the economy?

What this kind of reasoning misses is the indirect effects of these changes. Productivity gains in steelmaking may reduce the number of jobs in the steel industry, but they create jobs elsewhere, if only by lowering the price of steel, thereby releasing money to be spent on other things. Advanced countries may lose garment industry jobs to developing-country exports, but they gain other jobs producing the goods those countries buy with their new export income. To observe that productivity growth in a *particular industry* reduces employment *in that same industry* tells us nothing about whether productivity growth *in the economy as a whole* reduces employment

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in the economy as a whole.[4] As long as consumers find a way to spend the increased income that is generated by economic growth, there is no reason for such growth to lead to any inadequacy of demand. And all the evidence suggests that people will find something to buy with whatever income they have.

But what, exactly, will they buy? That is a natural question, but an unfair one. Suppose that you had approached an economist in 1840, when most Americans were farmers, and textiles dominated the still small manufacturing sector, and informed him that 150 years later some two percent of the labor force would grow all the food and less than one percent produce all the cloth. And suppose you had demanded that he explain what everyone else would do for a living. He could not have given a very good answer, but he could with justice have argued on general principles that the economy would find something useful for them to do. (Global glut advocates tend to focus in particular on the loss of jobs in manufacturing and find it hard to imagine that the service sector could make up for that loss. Yet we have already seen how it can be done, since the U.S. economy is already overwhelmingly a service, rather than goods, economy. As a Russian émigré neighbor put it, "I don't understand this country—it seems very prosperous, but I don't ever see anybody *making* anything.")

A somewhat different failure of the imagination prevails in thinking about the populations of the newly industrializing economies. Here it is obvious what consumers will demand: the things that people in advanced countries already have. What seems hard for Westerners to visualize is a world in which Chinese and Indonesians earn decent wages. After all, they have always been poor. And old images of the "teeming hordes" may play a role: a distinguished diplomat, journalist, and author told me, "I can't see how their wages can rise, no matter how productive they become—there are just so many of them." But one cannot argue that an increase in the productivity of Chinese workers

[4] In "The Dismal Scientist" in the January 23 issue of *Slate*, I tried to make this point by imagining an economy that produced only two goods, hot dogs and buns, and in which consumers insisted that each hot dog come with a bun and vice versa. In such an economy, productivity growth in either sector would indeed reduce employment in that sector, but not in the economy as a whole, and productivity growth across the board would have no effect on the number of jobs.

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is a massive shock to the world economy because they are so numerous, and at the same time argue that it is too small a force to raise the wages of so many people. Again, the deficiency is in our imaginations, not in the real world.

Finally, lurking behind the global glut argument may be an old fallacy about the relationship between consumption and investment. One thing capitalist economies do is accumulate capital. Not all of their productive capacity is used to produce consumption goods; some of it is used to produce capital goods that will expand future productive capacity. But not all of that future productive capacity will be used to satisfy consumers—some of it will be used to expand capacity even more, and so on. Now it is easy, if one puts it that way, to start to think of the whole thing as a sort of chain letter or Ponzi scheme: surely, you may imagine, at some point this business of building machines to build machines must come to an end, with disastrous results. (Something like this seems to be what Greider has in mind when he talks of the "manic logic" of capitalism). In fact, as Karl Marx could have told you, there is nothing unsustainable about an ever-growing capital stock in an ever-growing economy. It has worked for the last 50 years, and there is no end in sight.

TILTING AT WINDMILLS

NONE OF the preceding should be taken as a declaration that all is right with the world economy. There are severe problems: inequality in the United States (exacerbated, though not caused, by imports of labor-intensive products), unemployment in Europe (also slightly exacerbated by labor-intensive imports, but mainly due to rigid labor markets and bad macroeconomic policy), a Japanese economy struggling to overcome the consequences of a burst financial bubble, a number of newly industrializing countries facing potential crises due to financial excesses and lax bank regulation, and so on. On the whole, the condition of humanity—as measured by such crude but crucial indicators as life expectancy and malnutrition among children—is far better now than 20 years ago, largely because of economic growth in the Third World, but there are many shadows in the picture. One problem capitalism does not suffer from, however, is being too productive for its own good.

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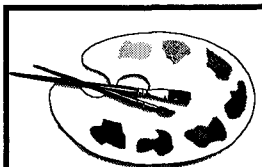
Imagining problems that do not exist has real costs. To speak to European advocates of the global glut theory is to be struck by their fatalism: they seem to have given up on the idea of making the European economy grow. And this fatalism already seems, at the time of writing, to have left the new Jospin administration almost completely ineffectual. Meanwhile, American global glutters seem to spend half their time complaining that nothing good can be done unless the country gives up the idea of a balanced budget, and the other half converting their doctrine into a new justification for good old-fashioned protectionism.

It is a bit funny, but also quite sad: those who preach the doctrine of global glut are tilting at windmills, when there are some real monsters out there that need slaying.



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The Social Question Redivivus

Tony Judt

Ill fares the land, to hastening ills a prey,
Where wealth accumulates, and men decay.

OLIVER GOLDSMITH

THE LITTLE TOWN of Longwy has a ghostly air. For many years it was an important center of iron and steel manufacturing in the industrial basin of the northern Lorraine and a proud stronghold of socialist and communist unions. Since 1975, however, the local industry, like steelworking everywhere in Western Europe, has been in trouble. Today the steelworks are gone, and so, at first sight, are their workers. At noon on a working day the town is quiet, with empty shops, a few sad-looking bars, and a deserted railway station occupied by a gaggle of drunks. The erstwhile steelworkers, grown old, wait out their lives in bars and cafés, or else stay at home with the television. Their wives and daughters have part-time, nonunion work either in new factories and offices distributed in the fields outside the town or else at commercial centers deposited optimistically at crossroads some 20 miles away. Their sons have no work at all and mill around at these same commercial centers looking at once menacing and pitiful.

There are towns like Longwy all over Europe, from Lancashire to Silesia, from the Asturian mountains to the central Slovakian plain. What makes the shattered industrial heartland of northeastern France distinctive is the political revolution that has occurred there.

TONY JUDT is Director of the Remarque Institute at New York University and author of *A Grand Illusion: An Essay on Europe.*

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In the legislative elections of 1978, when the left was defeated nationwide, the voters of Longwy returned a communist deputy to Paris, as usual. Twenty years later, in the legislative elections of May 1997, the right-wing National Front—which did not exist in 1978—came within 3,000 votes of overtaking the local communist candidate. A little farther east, in the similarly depressed industrial towns and villages around Sarrebourg that abut the German frontier, the National Front did even better: moving ahead of both communists and socialists, its candidates secured more than 22 percent of the vote in half the local constituencies.

The neo-fascist right, whose program constitutes one long scream of resentment—at immigrants, at unemployment, at crime and insecurity, at "Europe," and in general at "them" who have brought it all about—did better still in the decayed industrial valley of the upper Loire west of Lyons, where one in five voters favored it, and best of all in the towns of Mediterranean France. In the greater Marseilles region nearly one voter in four chose the candidates of the National Front. If France had a system of proportional representation, the front would have not 1 but 77 deputies in the new French parliament (double its number under a short-lived system of proportional representation introduced for the 1986 elections), and the left would not have a parliamentary majority.

All these regions, and many others where the far right is now the leading local party, were until very recently strongholds of the left. The demographics of most such places have not altered significantly—former communists, not newcomers, are now voting for Jean-Marie Le Pen. The community of these men and women has been destroyed, and they are looking for someone to blame and someone to follow. This is not Wigan Pier, the world of British industrial unemployment chronicled by George Orwell between the wars. There the economy buckled and the state withdrew from all but its most minimal commitments, but the community held fast and was even strengthened in its shared belief in itself and the justice of its claims. In postindustrial France (or Britain and elsewhere) the economy has moved on while the state, so far, has stayed behind to pick up the tab, but the community has collapsed, and with it a century-long political culture that combined pride in work, local social interdependence, and intergenerational continuity.

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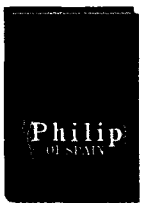

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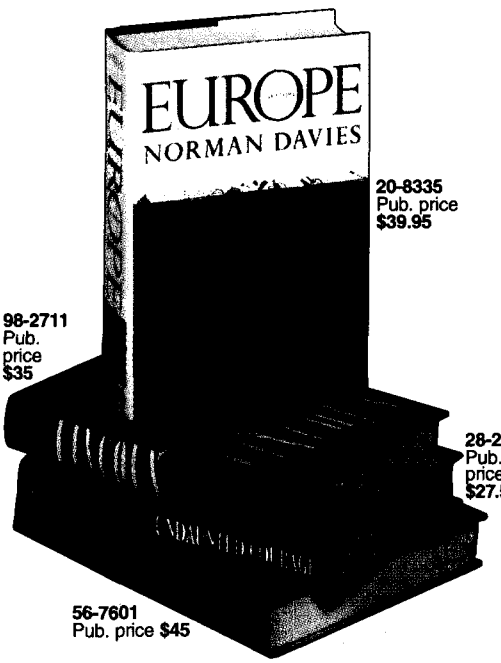

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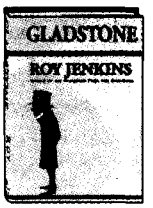

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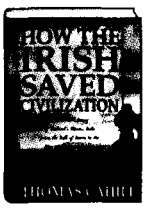

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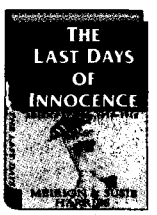

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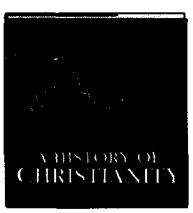

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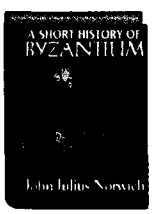

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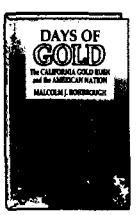

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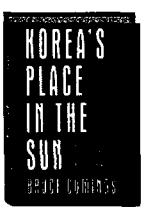

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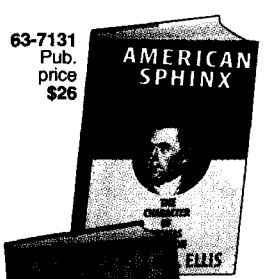

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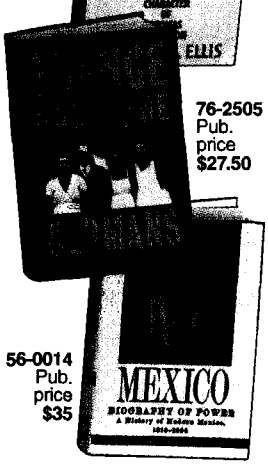

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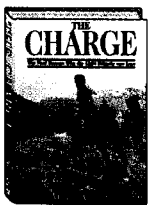

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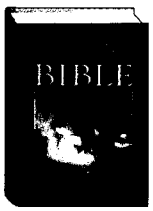

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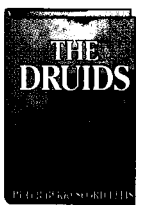

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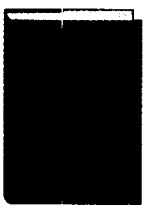

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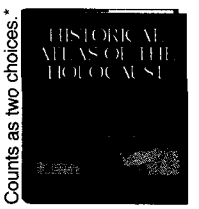

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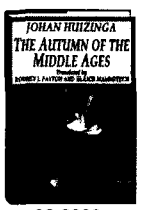

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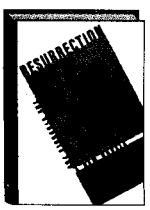

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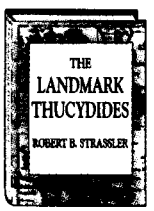

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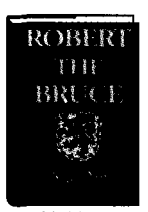

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THE EXCLUDED

IT IS IRONIC but not mystifying that Le Pen, like other European demagogues, picks up some of his strongest support in frontier districts. Longwy and Sarrebourg are right next to the vanishing borders, once so contested, between France, Belgium, Luxembourg, and Germany. In today's Europe you can live in one country, shop in another, and seek employment in a third. But the free movement of people, money, and goods that is so central to Europe's much-advertised entry into a post-national, global era has not brought prosperity to this region—indeed, the most salient economic effect on the locality has been the loss of jobs in the customs service. The Europe debate, in France and elsewhere, is thus readily cast in terms of security, stability, and protection versus vulnerability and change, with Brussels serving as a lightning rod for a broad range of criticisms directed at globalization and the hegemony of the Anglo-American model of minimal state and maximized profit—what the French nervously and revealingly label *la pensée unique*.

In fact the impact of a global economy on how Europeans, at least, will choose to conduct their lives has been exaggerated. The mantra "global market forces," the latest weapon in the conceptual armory of the forces of change, does duty on a variety of fronts, replacing the superannuated ordnance of progress, inevitability, historical necessity, modernization, and so forth. But like them, it promises and assumes too much. To take the most popular example: when applied as part of a critique of European social policies, global market forces are presumed to require that the high-wage economies of Western Europe rethink themselves, and fast, lest jobs and investment flee the pampered, overpriced European continent in search of cheaper labor and higher rates of growth elsewhere, notably in Asia. But economic growth rates among the Asian "tigers" are slowing down, and understandably; like the high growth rates in postwar socialist countries, they depended on the extensive mobilization and exploitation of resources, human and natural. An indefinitely increasing input of labor and local capital is not sustainable—and this even before we consider that such rates of transformation were only achieved, as in the countries of real existing socialism, by vigorous control and repression.

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Moreover, the specific global market force that is advertised as most likely to scupper Western Europe—lower wages in other continents or in Eastern Europe—may not apply much longer. By January 1997, wages in South Korea were approaching two-thirds the level of comparable wages in Germany. Demand for skilled labor in Asian states and in certain countries of Eastern Europe is bringing wages in some sectors close to or even above those earned in the poorest parts of the European Union. Already the majority of foreign direct investment from Western Europe goes to other high-wage countries. Within a few years, wage differentials alone will not be a factor in the case for cost-cutting except for certain industries where comparative advantage will always obtain. And all this ignores the more serious likelihood that Asian and other cutting-edge economies may not long remain a model even for themselves: the social inequalities and political repression that accompany cheap labor and stable investment environments will be vulnerable to comparisons with and disapproval from abroad—global forces in their own right.

But even if global market forces worked as advertised, they could not forcibly transform Europe's public policy because its dilemmas are not essentially economic. There are now more than 18 million officially unemployed people in the European Union. Yet finding jobs for them is not the most serious social question in Europe today—and if jobs were found by significant reductions in wages and benefits, the better to compete with the costs of jobs in other places, the real problems would worsen. Seventeen percent of the present population of the EU live below the official poverty line (defined as an income less than 50 percent of the average in a person's country of residence). Significantly, the highest level of official poverty, after Portugal, is in Great Britain, where 22 percent of the population (over 14 million people) live below the poverty line—and Britain has the best record on job creation in the EU in the past half-decade.

The social crisis, then, concerns not so much unemployment as what the French call the "excluded." This term describes people who, having left the full-time work force, or never having joined it, are in a certain sense only partly members of the national community. It is not their material poverty, but the way in which they exist outside the conventional channels of employment or security, and with little

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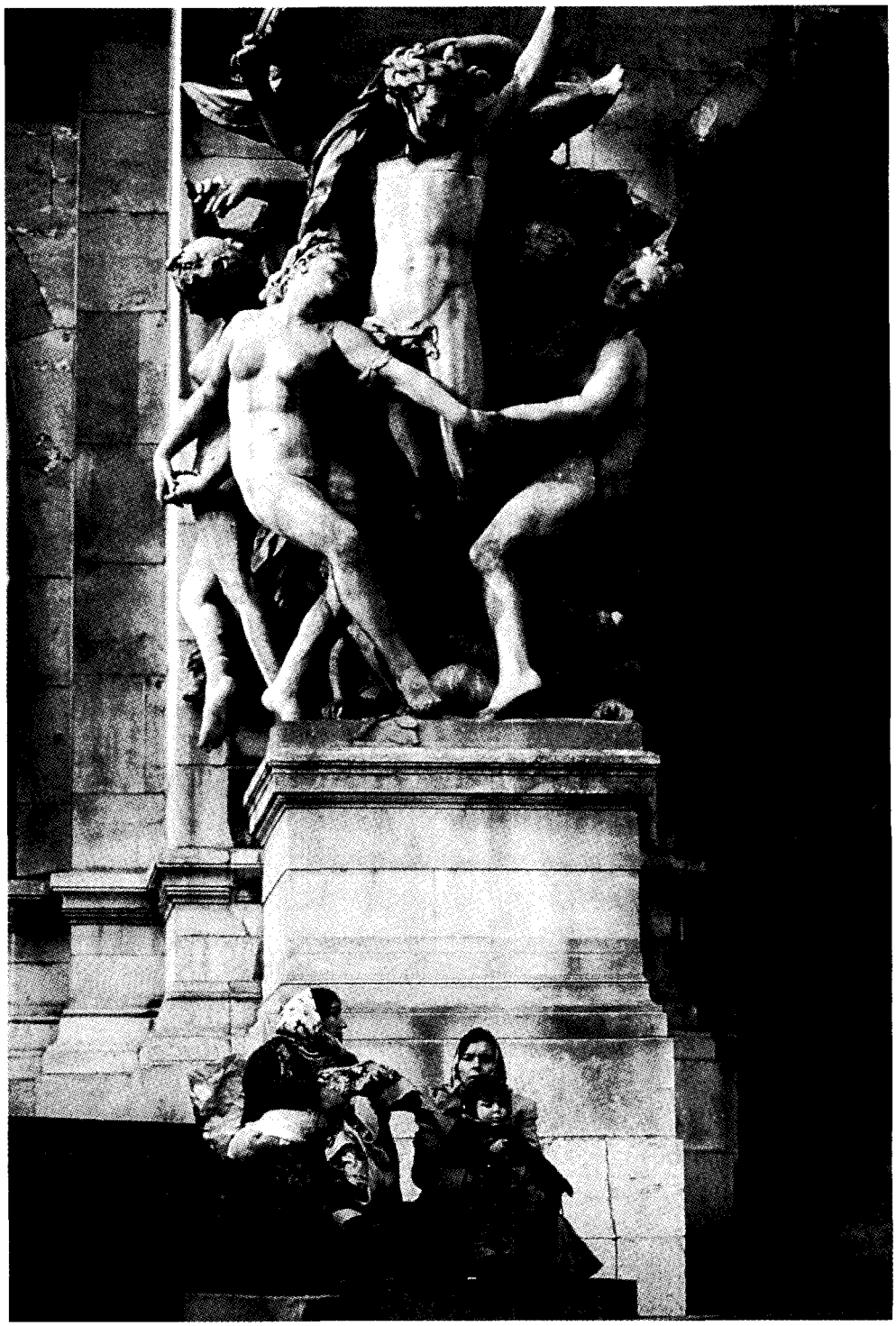

BLACK STAR

France's excluded, Paris 1993

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prospect of reentering these channels or benefiting from the social liaisons that accompany them, that distinguishes them from even the poorest among the unskilled work force in the industrial economy. Such people—whether single parents, part-time or short-term workers, immigrants, unskilled adolescents, or prematurely and forcibly retired manual workers—cannot live decently, participate in the culture of their local or national community, or offer their children prospects better than their own. Their living and working conditions preclude attention to anything beyond survival, and they are, or ought to be, a standing remonstrance to the affluence of their included fellows. In France, where there are 3.5 million officially unemployed and a further 4 million in precarious work, fully 30 percent of the active population are *exclus*. The figures are significantly lower only in Scandinavia, where the welfare systems of better days are still substantially in place, albeit trimmed. Under any present version of the neoliberal project—budget cuts, deregulation, etc.—the numbers of the precarious, the excluded, and the poor (disproportionately present in communities of recent immigrant origin) are likely to increase because work is disappearing in precisely the places, and at the occupations and skill levels, where most of the vulnerable population of Europe is now concentrated and will remain for the next generation.

In policy terms this is not purely or even primarily an economic conundrum. Rich countries can almost always find the resources to pay for social benefits if they choose, but the decision on how to do so is in the first instance a political one. There have always been two basic ways to finance these benefits. One is for the state to tax work: by charging workers and employers to help it pay for a variety of social services, including unemployment payments to those same workers if they lose their jobs. This makes labor and goods expensive (by adding to employers' costs), but it has the appeal of a certain sort of equity; it also worked rather well in the postwar era of high-wage, full-employment economies, since it padded state coffers when the unemployed and pensioners were in short supply. The alternative, universal, system bills the whole nation, through direct and indirect taxation, for social services that are then made available to those who require them.

Today, with high unemployment, it is tempting to prefer the second, universal option, since governments are trying to reduce the cost of labor

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to employers (and with less people working there are fewer paychecks to tax). But the political risks entailed in charging every voter for services from which only some (the unemployed, the aged, the infirm) will benefit are high, though perhaps not as high as providing no services at all, since the handicapped, elderly, and jobless can all vote too.

There is now a third option, a version of which has been followed in the United States and now in the United Kingdom—cut benefits and gear unemployment and other compensatory payments to a person's past work record (and income) and his or her continued willingness to find and take work if available. This is now said to be the appropriate social policy for a global economy: it penalizes unwillingness to take a job at the going rate, reduces employers' costs, and limits the state's liability.

This third alternative, however tidily it responds to global market forces, ironically presumes the very spectrum of circumstances whose disappearance has brought it about: the availability of employment, no sustained interruption of work experience by involuntary unemployment, and above all a normal wage high enough so that the percentage of it paid out in unemployment compensation will suffice to keep a person or family out of poverty until work is available. It presupposes the sort of worker and working profile that is now rapidly vanishing in just those places where such policies are being considered or implemented. The result can only be greater poverty, a growing gap between those with steady work and those without it, and ever more men and women excluded from the working, earning, tax-paying community that will understandably look on them with fear and suspicion.[1]

These are the losers—the de-skilled, the unskilled, the part-time, immigrants, the unemployed—all of whom are vulnerable because of the state of the economy but above all because they have lost the work-related forms of institutional affiliation, social support, and occupational solidarity that once characterized the exploited industrial proletariat. It is they who are least able to benefit from the hypothetical added value of a global economy, or even an integrated European one: they cannot read-

[1]I am indebted for the above to the work of the sociologist Georg Vobruba of the University of Leipzig, who has done important studies of the impact of varieties of unemployment insurance on the postindustrial work force. See, for example, his "Social Policy for Europe," in *The Social Quality of Europe*, ed. Wolfgang Beck, Laurent van der Maesen, and Alan Walker, Boston: Kluwer Law International, 1997, pp. 105-120.

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ily go somewhere else to find work, and even if they did they would not find the social and psychic benefits that once accompanied it but would just be *exclus* somewhere else. Capital can be separated from its owner and move around the world at the speed of sound and light. But labor cannot be separated from its owner, and its owner is not just a worker but also a member of one or more communities—a resident, a citizen, a national.

True, all labor is *potentially* mobile across job skills, space, and time. But it is wildly unrealistic to expect people to change both their working skills and their home every time global market forces dictate it. And in any case the crucial variable here is time: the transformation of an economy may be a rapid affair, but the accompanying social changes cannot be wrought at the same rate. It is the gap between economic change and social adjustment, a gap that has already lasted half a generation and will probably endure for years to come, that is causing the present dilemma and has become, by analogy with the great Social Question of the nineteenth century, the critical issue of our time.

THE SOCIAL QUESTION

In late-eighteenth- and early-nineteenth-century Britain, the visible havoc wreaked on the land and the people by unrestricted economic forces was noted, regretted, and opposed by poets and radicals from Oliver Goldsmith to William Cobbett. The problem of the excluded—landless laborers, pauperized weavers, unemployed bricklayers, homeless children—was attacked in various ways, culminating in the New Poor Law of 1834, which introduced the workhouse and the principle of least eligibility, whereby relief for the unemployed and indigent was to be inferior in quality and quantity to the lowest prevailing wages and conditions of employment, a model of welfare "reform" to which President Bill Clinton's recent legislation is directly if perhaps unknowingly indebted. The conventional arguments against state intervention were widely rehearsed: the free workings of the economy would eventually address the distortions attendant on agricultural enclosure or mechanization; the regulation of working hours or conditions would render firms uncompetitive; labor should be free to come and go, like capital; the "undeserving" poor (those who refused available work) should be penalized, etc.

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But after a brush with revolt during the economic depression of the 1840s, British Governments adjusted their sights and enacted a series of reforms driven in equal measure by ethical sensibilities and political prudence. By the later years of the century the erstwhile minimalist British state had set upper limits on working hours in factories, a minimum age for child employment, and regulations concerning conditions of work in a variety of industries. The vote had been granted to a majority of adult males, and the labor and political organizations that the working population had struggled to establish had been legalized—so that in time they ceased to be disruptive to the workings of capitalism and became effective sources of social integration and political stability. The result was not planned, but it is incontrovertible: British capitalism thrived not in spite of regulatory mechanisms but because of them.

How could economic progress be secured in light of the condition of the working class?

In continental Europe things worked a little differently. There, the impact of economic change, often driven from abroad, was not muted by piecemeal social legislation, both because legislatures responsive to political demands were not yet in place and because farms and factories were unable to withstand foreign competition without protection. In such places, most notably France, there was a long-standing expectation that the state would provide when all else failed, a habit of mind encouraged by the state itself. Those crucial moments when the state (or the king) failed to come through are what we associate with the great crises of the Age of Revolution: 1787-90, 1827-32, and 1846-50, when the response to economic dislocation and social protest all across the continent took the form of a repeated sequence of revolt, reform, and repression.

The nineteenth-century Social Question, as described and interminably debated in the middle decades of the last century, was this: How could the virtues of economic progress be secured in light of the political and moral threat posed by the condition of the working class? Or, more cynically, how was social upheaval to be headed off in a society wedded to the benefits that came from the profitable exploitation of a large class of low-paid and existentially discontented persons?

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The response of European states to the problem of managing the social consequences of the early Industrial Revolution owed almost nothing to contemporary theories that purported to describe the inevitable, structural nature of the forces at play. Economic liberalism, whether as a description of the workings of capitalism or as a prescription for economic policies, had little impact on political decision-making or even social policy. That is why we have today, or had until recently, a unique and uniquely stable combination—of market economies, precapitalist social relations and moral expectations (notably our intuitive distaste for extremes of social insecurity), and interventionist states, directly inherited from the enlightened absolutist monarchies of the not-so-distant past—that characterizes the fortunate Western inheritance.

THE PROVIDENTIAL STATE

CRITICS OF the interventionist state today level two convincing charges against it. The first is that the experience of our century reveals a propensity and a capacity, unimaginable in earlier times, for totalitarian regulation and repression not only of people but of institutions, social practices, and the very fabric of normal life. We now know and cannot ignore what the Fabians, the founding theorists of social democracy, the utopian dreamers of collectivist systems of society, and even the well-meaning proponents of paternalist social engineering did not know, or preferred to forget: that the overmighty state, under whatever doctrinal aegis, has an alarming and probably unavoidable propensity to eat its own children as well as those of its enemies.

The other lesson we should have learned from the experience of our age is that, murderous or benevolent, the state is a strikingly inefficient economic actor. Nationalized industries, state farms, centrally planned economies, controlled trade, fixed prices, and government-directed production and distribution do not work. They do not produce the goods, and as a consequence they do not distribute them very well, even though the promise of a more equitable system of distribution is usually the basis of their initial appeal.

Neither of these lessons is entirely new. Eighteenth-century critics of mercantilism knew why state-regulated economies were inefficient

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and self-defeating. The opponents of autocratic monarchies, from the English Puritans through the French Enlightenment to the great Russian novelists of the last century, had long since itemized the sins and deficiencies of unrestricted central power and its stifling effect on human potential. What the twentieth century teaches is simply an updated version of Lord Acton's dictum: absolute state power destroys absolutely, and full state control of the economy distorts fully. The short-lived disaster of fascism and the longer-lasting tragedy of communism can be adduced in evidence of processes known to our forebears but of which Colbert's system and the ancien régime were but pale anticipations. We now know that some version of liberalism that accords the maximum of freedom and initiative in every sphere of life is the only possible option.

British capitalism thrived not in spite of regulatory mechanisms but because of them.

But that is all we know, and not everything follows from it. The lessons of 1989 obscure almost as much as they teach, and worst of all they tend to obscure a third lesson: that we no longer have good reason to suppose that *any* single set of political or economic rules or principles is universally applicable, however virtuous or effective they may prove in individual instances. This is not a plea for cultural or moral relativism, but it is not incoherent to believe that a system of economic management might work in one place and not another, or to recognize that, within limits, what is normal and expected behavior by a government in one free society might understandably be thought intolerable interference in another.

Thus the application of neoliberal economic policy in the United States is possible, in part, because even some of those who stand to lose thereby are culturally predisposed to listen with approval to politicians denouncing the sins of big government. The American combination of economic insecurity, social inequality, and reduced or minimal government intervention in the field of welfare legislation, for example, would prove explosive in societies where the state is expected to have a hand in such matters and gets the benefit of the doubt even when it appears to be abusing its power. Thus for reasons that are cultural and historical rather than economic, the U.S. model is not exportable and even across

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the breadth of the Atlantic Ocean causes quivers of distaste and anxiety among otherwise sympathetic foreign observers.

The British case, which bears some resemblance to the U.S. one, is in certain respects a little closer to the European norm. The British *state* has never played a very important part in people's lives, at least as they perceive it; it is *society* that binds the British together, or so they had long believed. Reinforced by the myth and memory of wartime unity, British people in the postwar decades were notably sensitive to hints that selfish group claims were being favored by the state at the expense of the common good. Indeed, Margaret Thatcher effected a small revolution in her country precisely by playing on a widespread fear that some sectors of society—the labor unions in particular—had gained access to the state and were using it to sectoral advantage. That she herself expanded the role of the state in other spheres of life—notably justice and local government—and used central authority to benefit other sectoral interests is beside the point. The British were susceptible to the suggestion that their difficulties arose from the omnipresence of an inefficient and vaguely threatening central power, though they had no desire to squander the achievements of state-administered social legislation in the fields of health, welfare, and education, as the Tories' final, ignominious defeat revealed.

But the British example is equally inapplicable to the continental European case—and not just because of the amusing European propensity to speak of Anglo-American neoliberalism as though the British and U.S. experience and examples were interchangeable. There are no doubt many European socialists and liberals who would like to emulate Tony Blair. But the price of that would be to pass through the experience of Margaret Thatcher (without whom Tony Blair would still be an obscure Labour politician with no original ideas of his own),

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and no European politician of any hue imagines for a moment that his own country could survive *that.* It is not just that Thatcher produced double-digit unemployment and destroyed the traditional manufacturing base of the British economy, while briefly lining the pockets of the middle class with the windfall proceeds from privatization: some of that has already happened in France, Belgium, Spain, and elsewhere. But Thatcher demolished the theory and much of the practice of the providential state, and it is that which is unthinkable across the channel.[2]

In continental Europe the state will continue to play the major role in public life for three general reasons. The first is cultural. People expect the state—the government, the administration, the executive offices—to take the initiative or at least pick up the pieces. When the French demand that their government provide shorter working hours, higher wages, employment security, early pensions, and more jobs, they may be unrealistic but they are not irrational. They do not generally press for lower taxes (in contrast with the U.S. political obsession with tax cuts). They recognize that high taxes are the means by which the state might meet such expectations, and they are indeed highly taxed, which is why they resent it when the state fails to deliver the social goods. Germans, too, expect the state to ensure their well-being. And although, for historical reasons, they are disposed to identify the latter with social compacts and a stable currency, they too expect the state to play an active role in maintaining job security, regulating commerce, and servicing the remarkably generous welfare net with which they have provided themselves.

[2]Moreover, in Oxford Professor of Politics John Gray's words, "Neoliberalism in Britain has proved a self-limiting project," *Endgames,* Cambridge: Polity Press, 1997, p. 3. And if it is self-limiting on account of the very ravages it produces (and the electoral backlash that ensues) even in a political culture predisposed to pride itself on individualism and freedom from central restraint, its prospects on a continent where the state is by historical convention the most important and least-contested participant in the political arena are thin indeed. The partial counterexample of the Netherlands illustrates the point. In a small country with no modern history of civil division or conflict, and where central and local government alike are born of discussion and consensus, it has proved possible to manage the reduction of the welfare state and the provision of low-paid and insecure work without social explosion—although note that even the Dutch have not succeeded in squaring the circle of economic transformation: there are as many poor people per capita in the Netherlands as there are in Belgium or France. But the state in the Netherlands has no history of engagement in society and the economy comparable to the state in the Scandinavian states, Germany, Italy, or France. Its example is unlikely to be emulated.

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Even in Italy, where the state is weak and much more politically vulnerable, it has played a crucial role in providing employment, transfer payments, regional largess, and an intricate variety of support schemes, all of which have contributed enormously to the social stability of a country whose very unity is in question and that has been prey to more, and deeper, political crises than the Anglo-American experience can begin to conceive of. Let us pose the counterfactual question: where would Italy be now without its huge and inefficient civil service, its overstaffed public services, its dysfunctional and discredited systems of wage-price linkage, its underfunded pension schemes, and its corrupt and abused Cassa per il Mezzogiorno, established in 1950 to channel resources to the backward south but long a feeding ground for the political clients and business associates of the governing Christian Democrats? The Italian state is not all that has stood between Italy as we now see it and some hypothetical Italian miracle of the neoliberal imagination, but between postwar Italy and political collapse. This is not just because the country would otherwise have faced insuperable social conflicts and regional disparities, but because the long-standing cultural expectations of Italians—that the state must do what society and economy, left to their own devices, cannot—would have been unacceptably thwarted. In unsteady and fragmented societies the state is often the only means by which some measure of coherence and stability can be guaranteed. The historical alternative in such cases has usually been the military, and it has been Italy's and Europe's good fortune that *that* route has been taken infrequently in recent memory.

Thus, although the state itself has had a bad press in the recent European past, there has been little loss of faith in the importance of the things it can do, properly led. Only a state can provide the services and conditions through which its citizens may aspire to lead a good or fulfilling life. Those conditions vary across cultures: they may emphasize civic peace, solidarity with the less fortunate, public facilities of the infrastructural or even the high cultural sort, environmental amenities, free health care, good public education, and much else. It is generally recognized that not all of these may be available in their optimal form, but in that case too it is only the state that can adjudicate with reasonable impartiality between competing demands, interests, and goods.

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Most important, only the state can represent a shared consensus about which goods are positional and can be obtained only in prosperity, and which are basic and must be provided to everyone in all circumstances.

These are things the market—much less the global market—cannot do. Paradoxically, the idea of an active state today represents an acknowledgment of *limits* on human endeavor, in contrast to its overweening utopian ambitions in the recent past: because not everything can be done, we need to select the most desirable or important among what is possible. The idealization of the market, with the attendant assumption that anything is possible in principle, with market forces determining which possibilities will emerge, is the latest (if not the last) modernist illusion: that we live in a world of infinite potential where we are masters of our destiny, yet are utterly dependent on the unpredictable outcome of forces over which we have no control. Proponents of the interventionist state are more modest and disabused. They would rather choose between possible outcomes than leave the result to chance, if only because there is something intuitively and distressingly callous about leaving certain sorts of goods, services, and life chances to the winds of fate.

Where would postwar Italy be now without its huge civil service?

The second case for preserving the state today is pragmatic, or perhaps prudential. Because global markets *do* exist, because capital and resources fly around the world and much of what happens in people's lives today has passed from their control or the control of those who govern them, there is a greater need than ever to hold on to the sorts of intermediate institutions that make possible normal civilized life in communities and societies. We are accustomed to understanding this point when it is directed to the need for voluntary organizations, community structures, small-scale exercises of autonomy in public life, and local civic ventures directed toward issues of common concern such as safety, environment, education, culture. And we understand, or think we understand, the importance of intermediate institutions when we study totalitarian regimes and notice the importance their rulers attached to the *destruction* of anything that came between the isolated, anomic subject and the monopolistic state.

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What we have failed to grasp is that, in the late twentieth century, the state is now an intermediary institution too. When the economy, and the forces and patterns of behavior that accompany it, are truly international, the only institution that can effectively interpose itself between those forces and the unprotected individual is the national state. Such states are all that can stand between their citizens and the unrestricted, unrepresentative, unlegitimated capacities of markets, insensitive and unresponsive supranational administrations (of which Brussels is sadly illustrative), and unregulated processes over which individuals and communities have no control. The state is the largest unit in which, by habit and convention, men and women can feel they have a stake and which is, or can be made to appear, responsive to their interests and desires.

Finally, the need for representative democracy—which makes it possible for a large number of people to live together in some measure of agreement while retaining a degree of control over their collective fate—is also the best argument for the traditional state. Indeed, the two are fated to live or die together. Political choices will always be made because politics, as an antithetic activity, is the proper form in which different collective preferences are expressed in open societies. And because the state is the only forum in which politics can be practiced—something that becomes obvious as soon as we envisage the alternatives—it is imprudent as well as unrealistic to seek to reduce or bypass the state. It is because the free flow of capital threatens the sovereign authority of democratic states that we need to strengthen these, not surrender them to the siren song of international markets, global society, or transnational communities. That is what is wrong with the European project as currently practiced, and it is what would be wrong with assigning the policymaking initiative to global market forces.

Just as political democracy is all that stands between individuals and an overmighty government, so the regulatory, providential state is all that stands between its citizens and the unpredictable forces of economic change. Far from being an impediment to progress, the recalcitrant state, embodying the expectations and demands of its citizenry, is the only safeguard of progress to date. Whatever the gains in social legislation on working conditions and hours, education, the dissemination of culture, safeguarding health and the environment,

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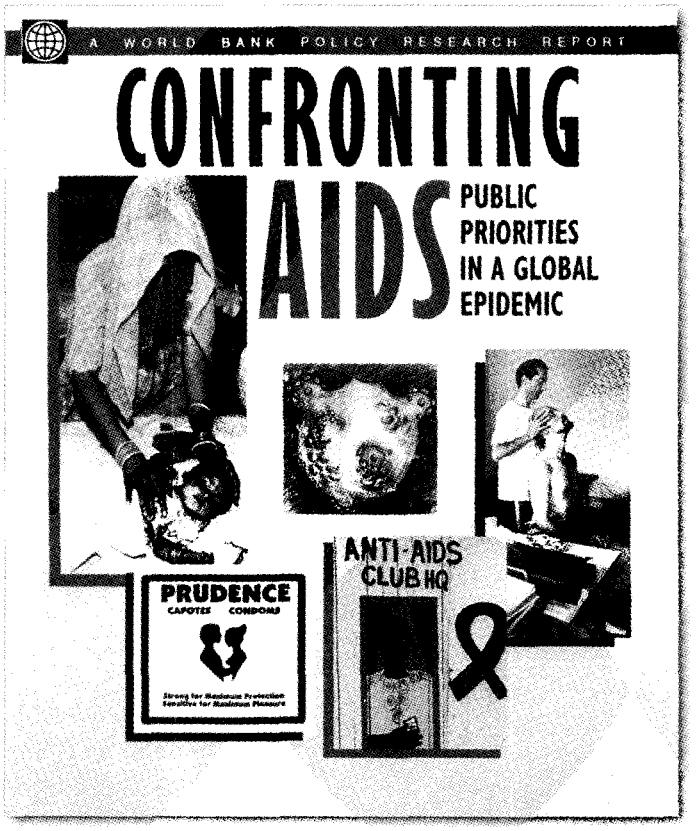

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insurance against homelessness, unemployment, and old age, and the limited redistribution of wealth, they are all vulnerable and politically contingent. There is no historical law that says they may not someday be undone. For it is with social advance as with political freedoms: we must always stave off threats to what has been won, rather than presume these gains to be a secure part of some unassailable heritage.

Furthermore, it is not in the interest of proponents of global market forces to seek the dismantling of the providential state. Unregulated markets are frequently self-delegitimizing, as numerous historical examples suggest. Perceived as unfair, they can become dysfunctional and will be rejected even by those who stand to gain from their smooth operation. For social and political stability are important economic variables too, and in political cultures where the providential state is the condition of social peace, it is thus a crucial local *economic* asset, independent of its economic behavior. That is why "the market" has worked well, albeit in very different ways, in situations as distinct as Social Democratic Scandinavia, Christian Democratic Italy, social-market Germany, and providential-state France.

A NEW MORAL NARRATIVE FOR THE LEFT

THE LOSERS in today's economy have the most interest in and need for the state, not least because they cannot readily imagine taking themselves and their labor anywhere else. Since the political left by convention and elective affinity is most motivated to capture the support of this constituency (and had better do so if we are to avoid a selective replay of the 1930s), the present afflictions of the European left are of more than passing concern. And they are serious. Since the late eighteenth century the left in Europe, variously labeled, has been the bearer of a project. Whether this project has been the march of progress, the preparation of revolution, or the cause of a class, it has always invoked the historical process, and history itself, on its behalf. Since the decline of the industrial proletariat, and more precipitously with the end of the Soviet Union, the left in the West has been shorn of its agent, its project, and even its story—the master narrative within which all radical endeavors were ultimately couched, which made sense of their programs and explained away their setbacks.

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This is self-evidently the case for communists, but it is no less serious an impediment to moderate social democracy as well. Without a working class, without a long-term revolutionary objective, however benign and nonviolent in practice, without any particular reason to suppose that it *will* succeed or a transcendental basis for believing that it *deserves* to do so, social democracy today is just what its great nineteenth-century founders feared it would become if it ever abandoned its ideological presuppositions and class affiliation: the advanced wing of reforming market liberalism. Now, just as it has been relieved by the death of communism from the crippling mortgage of revolutionary expectations, is the European left to be reduced to defending hard-won sectoral gains and glancing nervously and resentfully at a future it cannot understand and for which it has no prescription?

The reconciliation between the European left and capitalism is still fresh and long overdue. We should recall that as recently as 1981 François Mitterrand's Socialist Party came to power on the promise and expectation of a radical and irreversible anticapitalist transformation. And anyone who supposes that this was a peculiarly and typically French aberration should reread the British Labour Party's 1983 election manifesto—the "longest suicide note in history," in Labour Member of Parliament Gerald Kaufman's felicitous phrase. But today the left is no longer shackled to irrelevant, ineffective, or unpopular policies. On the contrary, the sort of society that the French, Swedish, Italian, and even the German socialists claim to seek is a fairly accurate reflection of the generalized preferences of the majority of their fellow citizens.

The real problem facing Europe's socialists (I use the term purely for its descriptive convenience, since it is now shorn of any ideological charge) is not their policy preferences, taken singly. Job creation, a more "social" Europe, public infrastructural investment, educational reforms, and the like are laudable and uncontroversial. But nothing binds these policies or proposals together into a common political or moral narrative. The left has no sense of what its own political success, if achieved, would mean; it has no articulated vision of a good, or even of a better, society. In the absence of such a vision, to be on the left is simply to be in a state of permanent protest. And since the thing most protested against is the damage wrought by rapid change, to be on the left is to be a conservative.

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The brief success story of European social democracy and British Labour over the past half-century can be seen in retrospect to have depended on the same fortuitous circumstances as the welfare states it helped create. Now the left wants to preserve its positions and its hard-won sectoral gains. In defending these acquired rights and supporting those who would add to them—like railway engineers and truck drivers in France who demand retirement on full pensions at 55 or even 50—the left (and sometimes the right) in France, Germany, Spain, and elsewhere confuses and discredits itself and its case by a failure to choose between ultimately incompatible claims. It is not so much fighting the ideological battle against neoliberal heartlessness but seeking to conserve privileges on behalf of the broadest possible constituency of well-organized voters who are anxious at the prospect of reduced income and services.

This paradox, if it is one, is not original. The left was often *socially* conservative—notably during the French Revolution, when some of the most radical moments occurred on behalf of artisans' struggles to preserve established claims and privileges, and again during the early Industrial Revolution. Trade unions, especially those in the skilled trades, were never anything else, even when supporting radical political solutions. But it is an unconvincing posture, and given the impossibility of avoiding *some* unsettling changes in coming years, it is an improvident one.

In these circumstances the dangerous illusion of a radical center has taken hold. Like the French Socialists' 1997 slogan "Changeons d'avenir," Tony Blair's "radical centrism" is an empty vessel, clanging noisily and boastfully around the vacant space of European political argument. But whereas Lionel Jospin's clichés are familiar, those of New Labour are seductively novel at first hearing. Of course there are political advantages to being in the center. In normal times that is where the winning votes are to be found in any binary representative system. But if times become somewhat less normal, as seems likely, the center is quickly evacuated in favor of more extreme options. For the moment, Blairism consists of the successful displacement of the old, discredited left by what might be termed the *bien-sentant* center, the politics of good feeling, in which lightly retouched Thatcherite economics are blended with appropriately well-intentioned social

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adjustments borrowed from the neighboring liberal tradition. In this way the charge of heartless realism is avoided without any need to imagine alternatives. It is a tempting solution, and one that many of Blair's European socialist colleagues would certainly adopt had some local Thatcher prepared for them a suitably blasted heath.

But it is a mistake. Like the "as if" and "civil society" language of the Czech, Polish, and Hungarian opposition in the 1980s, it is a good and effective weapon in the struggle against insensitive or authoritarian governments. But once those governments have been overthrown or defeated, the morally unimpeachable advocates of anti-politics find themselves confronted with political choices for which their previous experience has not prepared them. They must either compromise and lose their credibility or else quit public life. For most of the past century, the European left has somehow managed to do both. If it is to do better in the future, to avoid repeating its historical pattern of morally redeeming failure, it must return to the drawing board and ask itself these questions: What sort of a society is both desirable and envisageable under the present international configuration? What sort of economically literate policies are required to bring such an objective about? And what sort of arguments will be sufficiently convincing to make people vote to see these policies implemented?

The left must proceed case by case—cut farm price supports but preserve public health care.

The fact that the left is in office in most of Europe today is irrelevant to these requirements. Many of the socialists who now govern (in France, Britain, and Italy, for example) got there because of the collapse or division of the local right. In Britain and France a system of proportional representation would have deprived the present Labour and Socialist parties of their parliamentary majority in this year's elections. In that sense they are minority governments without mandates or long-term policies, whose strongest suit is the promise that they can undo some of the damage their predecessors in office did, simply by doing something different. They will not be reelected if they fail to come up with something better than their present offerings.

To begin with, the left might want to make a virtue of the necessity entailed in abandoning the project by which it has lived and died

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this century. If all history is the history of more than just class struggle, the economic identity of social beings that was so central for nineteenth-century social theorists—whose encumbered heirs we remain—is now distinctly peripheral for ever more people. The disappearance of work—something the nineteenth-century utopians could only dream about!—is a crisis, but it is also an opportunity to rethink social policy. Some members of the European left have latched quite effectively onto the idea of protecting the *exclus,* but they still think of them as just that—excluded from the norm, which remains that of fully employed, wage-earning, socially integrated workers. What needs to be grasped is that men and women in precarious employment, immigrants with partial civil rights, young people with no long-term job prospects, the growing ranks of the homeless and the inadequately housed, are not some fringe problem to be addressed and resolved, but represent something grimly fundamental.

There must, therefore, be a role for the state in incorporating the secular social consequences of economic change, and not merely providing minimum compensatory alleviation. This has two implications. Given the limited range of policymaking initiative in monetary and fiscal matters now open to any one government, the control or regulation of production in all its modern forms is not only undesirable but impossible. But divesting the state of *all* its economic controls is not a good thing; the state cannot run a car company or invent microchips, but it alone has the incentive and the capacity to organize health, educational, and recreational services. It is in the social interest to have a flourishing private *productive* sector, but one whose very existence is the condition for a thriving state service sector in those areas where the state is best equipped to provide the service, or where economic efficiency is not the most appropriate criterion of performance.

The proper level of state involvement in the life of the community can no longer be determined by *ex hypothesi* theorizing. We don't know what degree of regulation, public ownership, or distributive monopoly is appropriate across the board, only what works or is required in each case. Intervention mechanisms inherited from decisions that were appropriate when first made but that have since become anachronisms, like farm price supports or early retirement on full pay for state employees, are indefensible, above all because they inhibit the growth

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required to provide truly necessary benefits. Conversely, reductions in state involvement in the provision of public housing, medical facilities, or family services—cuts that made demographic, economic, and ideological sense when first introduced in the 1970s and 1980s—now seem perilously socially divisive, when those they might benefit have no other access to such resources.

The modern state still has a striking range of powers over how the economic growth generated in private hands might best be collectively distributed, at least at the local level. If the left could convincingly argue that it had a set of general principles guiding its choices in the distribution of resources and services and could show that those principles were not merely stubborn defenses of the status quo, making the best of someone else's bad job, it would have made a considerable advance. It would need to show that it understood that some must lose for all to gain; that a desire to sustain the intervention capacities of the state is not incompatible with acknowledgment of the need for painful reconsideration of the objects of that intervention; that both "regulation" and "deregulation" are morally neutral when taken in isolation. As things now stand the continental left merely records its (and its electors') discomfort at the prospect of rearranging the social furniture, while Britain's New Labour has come to power on the bankrupt promise that in these tricky matters it has no (unpopular) preferences of any kind.

Such reconsideration of principles is notoriously hard, and it is unfortunate if not wholly by chance that the left finds itself confronted with the need to reimagine its whole way of thought under less than propitious economic circumstances. But there is never a good moment for untimely thoughts. For some time to come the chief burden on the government of any well-run national community will be ensuring that those of its members who are the victims of economic transformations over which the government itself can exercise only limited control nevertheless live decent lives, even (especially) if such a life no longer contains the expectation of steady, remunerative, and productive employment; that the rest of the community is led to an appreciation of its duty to shoulder that responsibility; and that the economic growth required to sustain this responsibility is not inhibited by the ends to which it is applied. What makes all this difficult is that it is a job for the state, and *that* is hard to accept because the desirability of

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placing the maximum possible restrictions upon the interventionary capacities of the state has become the cant of our time.

Accordingly, the task of the left in Europe in the years to come will be to reconstruct a case for the activist state, to show why the lesson for the twentieth century is *not* that we should return, so far as possible, to the nineteenth. To do this, the left must come to terms with its own share of responsibility for the sins of our century. It was not so long ago, after all, that West German Social Democrats refused to speak ill of the late, unlamented German Democratic Republic, and there are still French and British Socialists who find it painful to acknowledge their erstwhile sympathy for the Soviet project in precisely its most state-idolatrous forms. But until the European left has recognized its past propensity to favor power over freedom, to see virtue in anything and everything undertaken by a progressive central authority, it will always be backing halfheartedly and shamefacedly into the future, presenting the case for the state and apologizing for it at the same time.

Until and unless this changes, the electors of Longwy and Sarrebourg, like their fellows in Austria, Italy, and Belgium (not to speak of countries farther east), will be tempted to listen to other voices, less timid about invoking the nation-state as the forum for redemptive action. Why are we so sure that the far right is behind us for good—or indeed the far left? The postwar social reforms in Europe were instituted in large measure as a barrier to the return of the sort of desperation and disaffection from which fascism was thought to have arisen. The partial unraveling of those reforms, for whatever cause, should not too readily be treated as free of political risks. As the great reformers of the last century well knew, the Social Question, if left unaddressed, does not just wither away. It goes instead in search of more radical answers.

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Islamic and Western Values

Ali A. Mazrui

DEMOCRACY AND THE HUMANE LIFE

WESTERNERS TEND to think of Islamic societies as backward-looking, oppressed by religion, and inhumanely governed, comparing them to their own enlightened, secular democracies. But measurement of the cultural distance between the West and Islam is a complex undertaking, and that distance is narrower than they assume. Islam is not just a religion, and certainly not just a fundamentalist political movement. It is a civilization, and a way of life that varies from one Muslim country to another but is animated by a common spirit far more humane than most Westerners realize. Nor do those in the West always recognize how their own societies have failed to live up to their liberal mythology. Moreover, aspects of Islamic culture that Westerners regard as medieval may have prevailed in their own culture until fairly recently; in many cases, Islamic societies may be only a few decades behind socially and technologically advanced Western ones. In the end, the question is what path leads to the highest quality of life for the average citizen, while avoiding the worst abuses. The path of the West does not provide all the answers; Islamic values deserve serious consideration.

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THE WAY IT RECENTLY WAS

MORES AND values have changed rapidly in the West in the last several decades as revolutions in technology and society progressed. Islamic countries, which are now experiencing many of the same changes, may well follow suit. Premarital sex, for example, was strongly disapproved of in the West until after World War II. There were laws against sex outside marriage, some of which are still on the books, if rarely enforced. Today sex before marriage, with parental consent, is common.

Homosexual acts between males were a crime in Great Britain until the 1960s (although lesbianism was not outlawed). Now such acts between consenting adults, male or female, are legal in much of the West, although they remain illegal in most other countries. Half the Western world, in fact, would say that laws against homosexual sex are a violation of gays' and lesbians' human rights.

Even within the West, one sees cultural lag. Although capital punishment has been abolished almost everywhere in the Western world, the United States is currently increasing the number of capital offenses and executing more death row inmates than it has in years. But death penalty opponents, including Human Rights Watch and the Roman Catholic Church, continue to protest the practice in the United States, and one day capital punishment will almost certainly be regarded in America as a violation of human rights.

Westerners regard Muslim societies as unenlightened when it comes to the status of women, and it is true that the gender question is still troublesome in Muslim countries. Islamic rules on sexual modesty have often resulted in excessive segregation of the sexes in public places, sometimes bringing about the marginalization of women in public affairs more generally. British women, however, were granted the right to own property independent of their husbands only in 1870, while Muslim women have always had that right. Indeed, Islam is the only world religion founded by a businessman in commercial partnership with his wife. While in many Western cultures daughters could not inherit anything if there were sons in the family, Islamic law has always allocated shares from every inheritance to both daughters and sons. Primogeniture has been illegal under the sharia for 14 centuries.

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The historical distance between the West and Islam in the treatment of women may be a matter of decades rather than centuries. Recall that in almost all Western countries except for New Zealand, women did not gain the right to vote until the twentieth century. Great Britain extended the vote to women in two stages, in 1918 and 1928, and the United States enfranchised them by constitutional amendment in 1920. France followed as recently as 1944. Switzerland did not permit women to vote in national elections until 1971—decades after Muslim women in Afghanistan, Iran, Iraq, and Pakistan had been casting ballots.

Furthermore, the United States, the largest and most influential Western nation, has never had a female president. In contrast, two of the most populous Muslim countries, Pakistan and Bangladesh, have had women prime ministers: Benazir Bhutto headed two governments in Pakistan, and Khaleda Zia and Hasina Wajed served consecutively in Bangladesh. Turkey has had Prime Minister Tansu Çiller. Muslim countries are ahead in female empowerment, though still behind in female liberation.

CONCEPTS OF THE SACRED

CENSORSHIP IS one issue on which the cultural divide between the West and Islam turns out to be less wide than Westerners ordinarily assume. The most celebrated case of the last decade—that of Salman Rushdie's novel *The Satanic Verses,* published in Britain in 1988 but banned in most Muslim countries—brought the Western world and the Muslim world in conflict, but also uncovered some surprising similarities and large helpings of Western hypocrisy. Further scrutiny reveals widespread censorship in the West, if imposed by different forces than in Muslim societies.

As their civilization has become more secular, Westerners have looked for new abodes of the sacred. By the late twentieth century the freedom of the artist—in this case, Salman Rushdie—was more sacred to them than religion. But many Muslims saw Rushdie's novel as holding Islam up to ridicule. The novel suggests that Islam's holy scripture, the Koran, is filled with inventions of the Prophet Muhammad or is, in fact, the work of the devil rather than commu-

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nications from Allah, and implies, moreover, that the religion's founder was not very intelligent. Rushdie also puts women characters bearing the names of the Prophet's wives in a whorehouse, where the clients find the blasphemy arousing.

Many devout Muslims felt that Rushdie had no right to poke fun at and twist into obscenity some of the most sacred symbols of Islam. Most Muslim countries banned the novel because officials there considered it morally repugnant.[1] Western intellectuals argued that as an artist, Rushdie had the sacred right and even duty to go wherever his imagination led him in his writing. Yet until the 1960s *Lady Chatterley's Lover* was regarded as morally repugnant under British law for daring to depict an affair between a married member of the gentry and a worker on the estate. For a long time after Oscar Wilde's conviction for homosexual acts, *The Picture of Dorian Gray* was regarded as morally repugnant. Today other gay writers are up against a wall of prejudice.

The Satanic Verses was banned in some places because of fears that it would cause riots. Indian officials explained that they were banning the novel because it would inflame religious passions in the country, already aroused by Kashmiri separatism. The United States has a legal standard for preventive action when negative consequences are feared—"clear and present danger." But the West was less than sympathetic to India's warnings that the book was inflammatory. Rushdie's London publisher, Jonathan Cape, went ahead, and the book's publication even in far-off Britain resulted in civil disturbances in Bombay, Islamabad, and Karachi in which some 15 people were killed and dozens more injured.

Distinguished Western publishers, however, have been known to reject a manuscript because of fears for the safety of their own. Last year Cambridge University Press turned down *Fields of Wheat, Rivers of Blood* by Anastasia Karakasidou, a sociological study on ethnicity in the

[1]In citing the Rushdie case as evidence of Islamic society's repressive nature, Westerners point to the 1989 *fatwa*, or legal ruling, by the Ayatollah Khomeini of Iran indicting Rushdie for blasphemy and the capital crime of apostasy and sentencing him to death in absentia. Iran, however, was the only Muslim country to decree the death penalty for Rushdie. Bangladesh said that Rushdie's crime, if proved, was a capital offense, but that he would have to be tried in a Muslim country to ascertain his guilt. There is a broad consensus that the book is blasphemous (even the Vatican agrees that it is), but Iran stands alone with the *fatwa*.

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Greek province of Macedonia, publicly acknowledging that it did so because of worries about the safety of its employees in Greece. If Jonathan Cape had cared as much about South Asian lives as it said it cared about freedom of expression, or as Cambridge University Press cared about its staff members in Greece, less blood would have been spilled.

Targets, sources, and methods of censorship differ, but censorship is just as much a fact of life in Western societies as in the Muslim world. Censorship in the latter is often crude, imposed by governments, mullahs and imams, and, more recently, militant Islamic movements. Censorship in the West, on the other hand, is more polished and decentralized. Its practitioners are financial backers of cultural activity and entertainment, advertisers who buy time on commercial television, subscribers of the Public Broadcasting System (PBS), influential interest groups including ethnic pressure groups, and editors, publishers, and other controllers of the means of communication.[2] In Europe, governments, too, sometimes get into the business of censorship.

CENSORING AMERICA

THE THREAT to free speech in the United States comes not from the law and the Constitution but from outside the government. PBS, legally invulnerable on the issue of free speech, capitulated to other forces when faced with the metaphorical description in my 1986 television series "The Africans" of Karl Marx as "the last of the great Jewish prophets." The British version had included the phrase, but the American producing station, WETA, a PBS affiliate in Washington, deleted it without authorial permission so as not to risk offending Jewish Americans.

On one issue of censorship WETA did consult me. Station officials were unhappy I had not injected more negativity into the series' three-minute segment on Libya's leader, Muammar Qaddafi. First they asked for extra commentary on allegations that Libya sponsored terrorism. When I refused, they suggested changing the pictures instead—deleting one sequence that humanized Qaddafi by showing

[2]American writers such as Carl Bernstein, Howard Fast, Erica Jong, and Peter Maas have spoken of both overt and covert censorship; see Midge Decter, "The Rushdiad," *Commentary*, vol. 87, no. 6 (June 1989), pp. 20-21.

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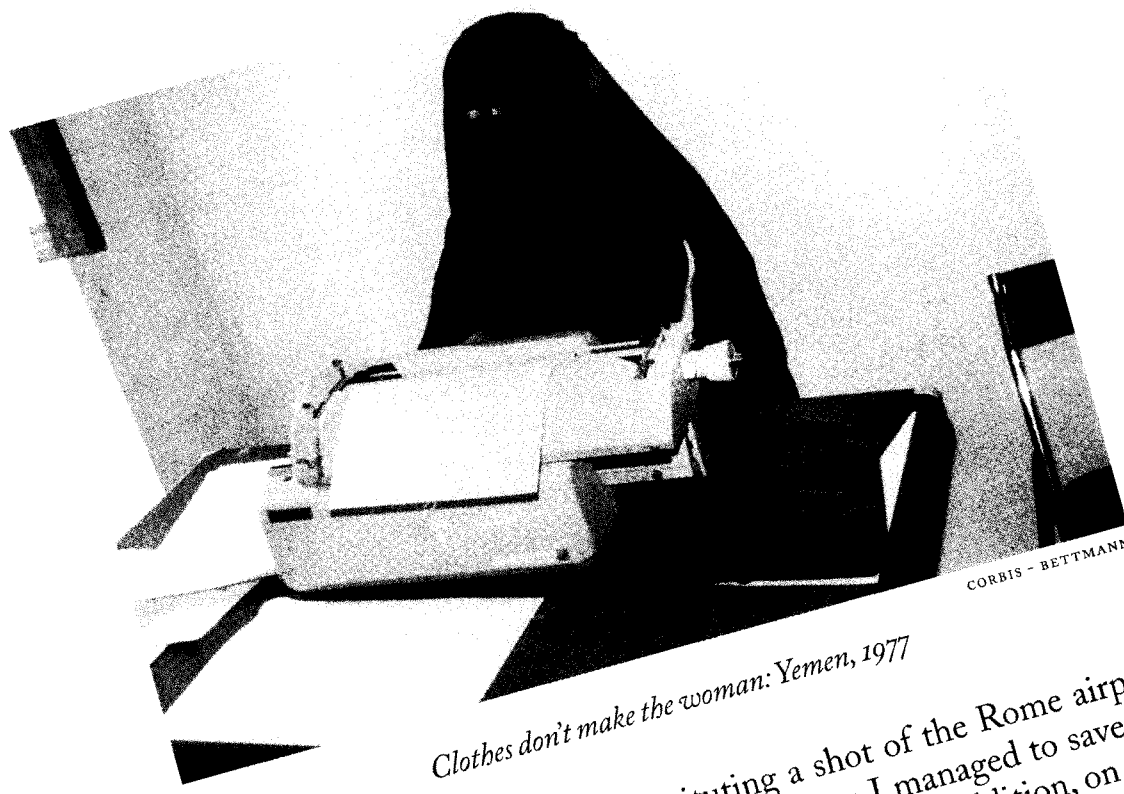

CORBIS - BETTMANN

Clothes don't make the woman: Yemen, 1977

him visiting a hospital and substituting a shot of the Rome airport after a terrorist bombing. After much debate I managed to save the hospital scene but surrendered on the Rome airport addition, on condition that neither I nor the written caption implied that Libya was responsible for the bombing. But, ideally, WETA would have preferred to cut the whole segment.

WETA in those days had more in common with the censors in Libya than either side realized. Although the Libyans broadcast an Arabic version and seemed pleased with the series as a whole, they cut the Qaddafi sequence. The segment also offended Lynne Cheney, chair of the National Endowment for the Humanities, who demanded that the endowment's name be removed from the series credits. After she stepped down from her post, she called for the NEH to be abolished, citing "The Africans" as an example of the objectionable liberal projects that, she said, the endowment had tended to fund.

In another case of decentralized censorship that affected my own work, Westview Press in Boulder, Colorado, was about to go to press with my book *Cultural Forces in World Politics* when editors there announced they wanted to delete three chapters: one discussing *The Satanic*

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Verses as a case of cultural treason, another comparing the Palestinian intifada with Chinese students' 1989 rebellion in Tiananmen Square, and a third comparing the South African apartheid doctrine of separate homelands for blacks and whites with the Zionist doctrine of separate states for Jews and Arabs. Suspecting that I would have similar problems with most other major U.S. publishers, I decided that the book would be published exclusively by James Currey, my British publisher, and Heinemann Educational Books, the American offshoot of another British house, which brought it out in 1990. Not even universities in the United States, supposed bastions of intellectual freedom, have been free from censorship. Until recently the greatest danger to one's chances of getting tenure lay in espousing Marxism or criticizing Israel or Zionism.

The positive aspect of decentralized censorship in the West, at least with regard to books, is that what is unacceptable to one publisher may be acceptable to another; what is almost unpublishable in the United States may be easily publishable in Britain or the Netherlands. With national television, the choices are more restricted. Many points of view are banned from the screen, with the possibility of a hearing only on the public access stations with the weakest signals.

In Western societies as in Muslim ones, only a few points of view have access to the national broadcast media and publishing industry or even to university faculties. In both civilizations, certain points of view are excluded from the center and marginalized. The source of the censorship may be different, but censorship is the result in the West just as surely as in the Islamic world.

LIFE AMONG THE BELIEVERS

MANY OF the above issues are bound up with religion. Westerners consider many problems or flaws of the Muslim world products of Islam and pride their societies and their governments on their purported secularism. But when it comes to separation of church and state, how long and wide is the distance between the two cultures?

A central question is whether a theocracy can ever be democratized. British history since Henry VIII's establishment of the Church of England in 1531 proves that it can be. The English theocracy was democratized first by making democracy stronger and later by making

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the theocracy weaker. The major democratic changes had to wait until the nineteenth and twentieth centuries, when the vote was extended to new social classes and finally to women.[3] The Islamic Republic of Iran is less than two decades old, but already there seem to be signs of softening theocracy and the beginnings of liberalization. Nor must we forget Muslim monarchies that have taken initial steps toward liberalization. Jordan has gone further than most others in legalizing opposition groups. But even Saudi Arabia and the smaller Gulf states have begun to use the Islamic concept of *shura* (consultative assembly) as a guide to democracy.

The West has sought to protect minority religions through secularism. It has not always worked. The Holocaust in secular Germany was the worst case. And even today, anti-Semitism in Eastern Europe is disturbing, as are anti-Muslim trends in France.

The United States has had separation of church and state under the Constitution for over 200 years, but American politics is hardly completely secular. Only once has the electorate chosen a non-Protestant president—and the Roman Catholic John F. Kennedy won by such a narrow margin, amid such allegations of electoral fraud, that we will never know for certain whether a majority of Americans actually voted for him. Jews have distinguished themselves in many fields, but they have so far avoided competing for the White House, and there is still a fear of unleashing the demon of anti-Semitism among Christian fundamentalists. There are now more Muslims—an estimated six million—than Jews in the United States, yet anti-Muslim feeling and the success of appeals to Christian sentiment among voters make it extremely unlikely that Americans will elect a Muslim head of state anytime in the foreseeable future. Even the appointment of a Muslim secretary of commerce, let alone an attorney general, is no more than a distant conjecture because of the political fallout that all administrations fear. When First Lady Hillary Rodham Clinton entertained Muslim leaders at the White House last year to mark a special Islamic festival, a *Wall Street Journal* article cited that as evidence that friends of Hamas

[3]See Leonard Binder, *Islamic Liberalism: A Critique of Development Ideologies*, Chicago: University of Chicago Press, 1988, especially Chapter 9, "Conclusion: The Prospects for Liberal Government in the Middle East," pp. 336-60.

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had penetrated the White House. In Western Europe, too, there are now millions of Muslims, but history is still awaiting the appointment of the first to a cabinet position in Britain, France, or Germany.

Islam, on the other hand, has tried to protect minority religions through ecumenicalism throughout its history. Jews and Christians had special status as People of the Book—a fraternity of monotheists. Other religious minorities were later also accorded the status of protected minorities (*dhimmis*). The approach has had its successes. Jewish scholars rose to high positions in Muslim Spain. During the Ottoman Empire, Christians sometimes attained high political office: Suleiman I (1520-1566) had Christian ministers in his government, as did Selim III (1789-1807). The Moghul Empire integrated Hindus and Muslims into a consolidated Indian state; Emperor Akbar (1556-1605) carried furthest the Moghul policy of bringing Hindus into the government. In the 1990s Iraq has had a Chaldean Christian deputy prime minister, Tariq Aziz. And Boutros Boutros-Ghali, a Coptic Christian, would never have been appointed secretary-general of the United Nations if not for his long and distinguished service in the foreign ministry of an otherwise Muslim government in Egypt.

Muslims are criticized for not producing the best, but their ethic has avoided the worst.

The Republic of Senegal in West Africa, which is nearly 95 percent Muslim, had a Roman Catholic president for two decades (1960-80). In his years presiding over that relatively open society, Léopold Sédar Senghor never once had to deal with anti-Christian disturbances in the streets of Dakar. His political opponents called him a wide range of derogatory names—hypocrite, stooge of the French, dictator, political prostitute—but virtually never taunted him for being a *kafir* (infidel).

When Senghor became the first African head of state to retire voluntarily from office, Abdou Diouf, a Muslim, succeeded him, and he remains president today. But the ecumenical story of Senegal did not end there; the first lady is Catholic. Can one imagine an American presidential candidate confessing on *Larry King Live,* "Incidentally, my wife is a Shiite Muslim"? That would almost certainly mark the end of his hopes for the White House.

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One conclusion to be drawn from all this is that Westerners are far less secular in their political behavior than they think they are. Another is that Muslim societies historically have been more ecumenical, and therefore more humane, than their Western critics have recognized. Islamic ecumenicalism has sometimes protected religious minorities more effectively than Western secularism.

BETWEEN THE DAZZLING AND THE DEPRAVED

CULTURES SHOULD be judged not merely by the heights of achievement to which they have ascended but by the depths of brutality to which they have descended. The measure of cultures is not only their virtues but also their vices.

In the twentieth century, Islam has not often proved fertile ground for democracy and its virtues. On the other hand, Islamic culture has not been hospitable to Nazism, fascism, or communism, unlike Christian culture (as in Germany, Italy, Russia, Czechoslovakia), Buddhist culture (Japan before and during World War II, Pol Pot's Cambodia, Vietnam, North Korea), or Confucian culture (Mao's China). The Muslim world has never yet given rise to systematic fascism and its organized brutalities. Hafiz al-Assad's Syria and Saddam Hussein's Iraq have been guilty of large-scale violence, but fascism also requires an ideology of repression that has been absent in the two countries. And apart from the dubious case of Albania, communism has never independently taken hold in a Muslim culture.

Muslims are often criticized for not producing the best, but they are seldom congratulated for an ethic that has averted the worst. There are no Muslim equivalents of Nazi extermination camps, nor Muslim conquests by genocide on the scale perpetrated by Europeans in the Americas and Australia, nor Muslim equivalents of Stalinist terror, Pol Pot's killing fields, or the starvation and uprooting of tens of millions in the name of Five Year Plans. Nor are there Muslim versions of apartheid like that once approved by the South African Dutch Reformed Church, or of the ferocious racism of Japan before 1945, or of the racist culture of the Old South in the United States with its lynchings and brutalization of black people.

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Islam brings to the calculus of universal justice some protection from the abyss of human depravity. Historically, the religion and the civilization have been resistant to forces that contributed to the worst aspects of the twentieth century's interludes of barbarism: racism, genocide, and violence within society.

First, Islam has been relatively resistant to racism. The Koran confronts the issue of national and ethnic differences head on. The standard of excellence it sets has nothing to do with race, but is instead moral and religious worth—what the Koran calls "piety" and what Martin Luther King, Jr., called "the content of one's character." An oft-quoted verse of the Koran reads:

> O people! We have created you from a male and a female, and have made you nations and tribes so that you may know one another. The noblest among you is the most pious. Allah is all-knowing.

In his farewell address, delivered on his last pilgrimage to Mecca in A.D. 632, Muhammad declared: "There is no superiority of an Arab over a non-Arab, and indeed, no superiority of a red man over a black man except through piety and fear of God . . . Let those who are present convey this message to those who are absent."

Unlike Christian churches, the mosque has never been segregated by race. One of Muhammad's most beloved companions was an Ethiopian, Bilal Rabah, a freed slave who rose to great prominence in early Islam. Under Arab lineage systems and kinship traditions, racial intermarriage was not discouraged and the children were considered Arab regardless of who the mother was. These Arab ways influenced Muslim societies elsewhere. Of the four presidents of Egypt since the revolution of 1952, two had black African ancestors—Muhammad Nagib and Anwar al-Sadat.[4]

Islam has a doctrine of Chosen Language (Arabic) but no Chosen People. Since the conversion of the Roman Emperor Constantine I

[4]Like most other religions and civilizations, Islam tolerated the ownership and trade of slaves for centuries. But slavery among Muslims was almost race-neutral. In contrast to the racially polarized transatlantic slave system—white masters, black slaves—slaves in the Islamic world could be white, black, brown, or other, and so could masters. Moreover, slavery among Muslims allowed for great upward social mobility. Both Muslim India and Muslim Egypt produced slave dynasties; the former slaves who became Mamluk rulers of Egypt dominated the country from 1250 to 1517.

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in A.D. 313, Christianity has been led if not dominated by Europeans. But the leadership of the Muslim world has changed hands several times: from the mainly Arab Umayyad dynasty (661-750) to the multiethnic Abbasid dynasty (750-1258) to the Ottoman Empire (1453-1922), dominated by the Turks. And this history is quite apart from such flourishing Muslim dynasties as the Moghuls of India and the Safavids of Persia or the sub-Saharan empires of Mali and Songhai. The diversification of Muslim leadership—in contrast to the Europeanization of Christian leadership—helped the cause of relative racial equality in Islamic culture.

Partly because of Islam's relatively nonracial nature, Islamic history has been free of systematic efforts to obliterate a people. Islam conquered by co-optation, intermarriage, and conversion rather than by genocide.

Incidents in Muslim history, it is true, have caused large-scale loss of life. During Turkey's attempt in 1915 to deport the entire Armenian population of about 1,750,000 to Syria and Palestine, hundreds of thousands of people, perhaps up to a million, died of starvation or were murdered on the way. But—though this does not exonerate Turkey of its responsibility for the deaths—Armenians had provoked Turkey by organizing volunteer battalions to help Russia fight against it in World War I. Nor is the expulsion of a people from a territory, however disastrous its consequences, equivalent to the Nazi Holocaust, which systematically took the lives of six million Jews and members of other despised groups. Movement of people between India and Pakistan after partition in 1947 also resulted in thousands of deaths en route.

Saddam Hussein's use of poison gas against Kurdish villages in Iraq in 1988 is more clearly comparable to Nazi behavior. But Saddam's action was the use of an illegitimate weapon in a civil war rather than a planned program to destroy the Kurdish people; it was an evil incident rather than a program of genocide. Many people feel that President Harry S Truman's dropping of atomic bombs on Hiroshima and Nagasaki was also an evil episode. There is a difference between massacre and genocide. Massacres have been perpetrated in almost every country on earth, but only a few cultures have been guilty of genocide.

Nor did Islam ever spawn an Inquisition in which the burning of heretics at the stake was sanctioned. Cultures that had condemned

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human beings to burn and celebrated as they died in the flames, even hundreds of years before, were more likely to tolerate the herding of a whole people of another faith into gas chambers. Islam has been a shield against such excesses of evil.

THE ORDER OF ISLAM

AGAINST WESTERN claims that Islamic "fundamentalism" feeds terrorism, one powerful paradox of the twentieth century is often overlooked. While Islam may generate more political violence than Western culture, Western culture generates more street violence than Islam. Islam does indeed produce a disproportionate share of mujahideen, but Western culture produces a disproportionate share of muggers. The largest Muslim city in Africa is Cairo. The largest westernized city is Johannesburg. Cairo is much more populous than Johannesburg, but street violence is only a fraction of what it is in the South African city. Does Islam help pacify Cairo? I, along with many others, believe that it does. The high premium Islam places on *umma* (community) and *ijma* (consensus) has made for a Pax Islamica in day-to-day life.

In terms of quality of life, is the average citizen better off under the excesses of the Islamic state or the excesses of the liberal state, where political tension may be low but social violence has reached crisis proportions? Tehran, the capital of the Islamic Republic of Iran, is a city of some ten million. Families with small children picnic in public parks at 11 p.m. or midnight. Residents of the capital and other cities stroll late at night, seemingly unafraid of mugging, rape, or murder. This is a society that has known large-scale political violence in war and revolution, but one in which petty interpersonal violence is much rarer than in Washington or New York. Iranians are more subject to their government than Americans, but they are less at risk from the depredations of their fellow citizens. Nor is dictatorial government the explanation for the safe streets of Tehran—otherwise, Lagos would be as peaceful as the Iranian capital.

The Iranian solution is mainly in the moral sphere. As an approach to the problems of modernity, some Muslim societies are attempting a return to premodernism, to indigenous traditional disciplines and

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values. Aside from Iran, countries such as Sudan and Saudi Arabia have revived Islamic legal systems and other features of the Islamic way of life, aspects of which go back 14 centuries. Islamic movements in countries like Algeria, Egypt, and Afghanistan are also seeking revivalist goals. A similar sacred nostalgia is evident in other religions, such as the born-again Christian sects in the United States and Africa.

Of all the value systems in the world, Islam has been the most resistant to the leading destructive forces of the twentieth century—including AIDS. Lower levels of prostitution and of hard drug use in conservative Muslim cultures compared with other cultures have, so far, contributed to lower-than-average HIV infection rates.[5] If societies closer to the sharia are also more distant from the human immunodeficiency virus, should the rest of the world take a closer look?

One can escape modernity by striving to transcend it as well as by retreating from it into the past. Perhaps the Muslim world should explore this path, searching for postmodern solutions to its political tensions and economic woes, and pursuing the positive aspects of globalization without falling victim to the negative aspects of westernization.

THE DIALECTIC OF CULTURE

WESTERN LIBERAL democracy has enabled societies to enjoy openness, government accountability, popular participation, and high economic productivity, but Western pluralism has also been a breeding ground for racism, fascism, exploitation, and genocide. If history is to end in arrival at the ultimate political order, it will require more than the West's message on how to maximize the best in human nature. Humankind must also consult Islam about how to check the worst in human nature—from alcoholism to racism, materialism to Nazism, drug addiction to Marxism as the opiate of the intellectuals.

One must distinguish between democratic principles and humane principles. In some humane principles—including stabilizing the fam-

[5]Studies by researchers in Ivory Coast of Muslim countries in Africa have shown that approximately half as many Muslims as non-Muslims are likely to be infected with HIV. See Catherine Tastemain and Peter Coles, "Can a Culture Stop AIDS in its Tracks?" *New Scientist* (London), vol. 139, no. 1890 (September 11, 1993), p. 13.

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ily, security from social violence, and the relatively nonracial nature of religious institutions—the Muslim world may be ahead of the West.

Turkey is a prime example of the dilemma of balancing humane principles with democratic principles. In times of peace, the Ottoman Empire was more humane in its treatment of religious minorities than the Turkish Republic after 1923 under the westernizing influence of Mustafa Kemal Atatürk. The Turkish Republic, on the other hand, gradually moved toward a policy of cultural assimilation. While the Ottoman Empire tolerated the Kurdish language, the Turkish Republic outlawed its use for a considerable period. When not at war, the empire was more humane than the Turkish Republic, but less democratic.

At bottom, democracy is a system for selecting one's rulers; humane governance is a system for treating citizens. Ottoman rule at its best was humane governance; the Turkish Republic at its best has been a quest for democratic values. In the final years of the twentieth century, Turkey may be engaged in reconciling the greater humaneness of the Ottoman Empire with the greater democracy of the Republic.

The current Islamic revival in the country may be the beginning of a fundamental review of the Kemalist revolution, which inaugurated Turkish secularism. In England since Henry VIII, a theocracy has been democratized. In Turkey, might a democracy be theocratized? Although the Turkish army is trying to stop it, electoral support for Islamic revivalism is growing in the country. There has been increased speculation that secularism may be pushed back, in spite of the resignation in June, under political pressure from the generals, of Prime Minister Necmettin Erbakan, the leader of the Islamist Welfare Party. Is Erbakan nevertheless destined to play in the Kemalist revolution the role that Mikhail Gorbachev or Boris Yeltsin played in the Leninist revolution? Or is Erbakan a forerunner of change? It is too early to be sure. The dialectic of history continues its conversation with the dialectic of culture within the wider rhythms of relativity in human experience.

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The Arab Inheritance

Fouad Ajami

It is time that Saturns ceased dining off their children; time, too, that children stopped devouring their parents . . .

ALEXANDER HERZEN

IT WAS a generation ago, in the mid-1980s, that a whole world slipped through the fingers of the Arab elite, formed on the secular ideals of nationalism and modernity. A city that had been their collective cultural home—Beirut—was lost to them. A political culture of nationalism that had nurtured them had led to a blind alley, and been turned into a cover for despotism, a plaything of dictators. A theocratic temptation blew into the political world like a ferocious wind, and the secular Arabs were left thrashing about. Nothing today, no ship of sorrow can take these men and women of the secular tradition back to the verities of their world. A political inheritance has been lost.

Modern Arabs came into that secular inheritance with relative ease. It came to them the way dominant ideas are transmitted and received when they are ascendant. The labor that had gone into that grand edifice reached back into the late years of the nineteenth century. In the academies and the barracks, in *al mahjar,* the lands of emigration in Europe and the New World, and in Cairo, a national movement had taken shape, a product of the cities and of the intellectual class. And though anti-Western in its rhetoric, it was given force and expression by thinkers who had been formed by the ideals of the West.

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When George Antonius gave this national movement its manifesto, *The Arab Awakening*, in 1938, he was true to all that: he was a son of Mount Lebanon, a Greek Orthodox from a trading family, raised there and in the polyglot world of Alexandria, and educated at Cambridge. He had behind him years of service in the British colonial administration. He had written his famous tract thanks to the financial patronage of Charles R. Crane, a Chicago industrialist and philanthropist, a dilettante and crank who always seemed in search of exotic causes in distant lands. It was for an Anglo-American audience that Antonius had written his book. He had told that defective tale of Western betrayal that lies at the heart of Arab nationalist historiography—the partition of the Arab world in the diplomatic settlement that followed the First World War—but he had written it as an appeal to the judgment of the West. It could not have occurred to him that a way—or a world—could be found beyond that of the West. It was in the schools of the Anglo-American missions, and in the flagship of those missions, the Syrian Protestant College (later renamed the American University of Beirut) that Arab nationalism had its start.

The dream of that national "awakening" had been a dream of social emancipation as well. Ten years prior to the appearance of Antonius' book, a Muslim woman of Beirut, Nazira Zayn al-Din, a child of the upper bourgeoisie, had written a daring book of her own, *al Sufur wa al Hijab*, Unveiling and the Veil. In her book she had staked out the right of Muslim women to shed their veils yet remain within the faith. Nazira had not given an inch to the religious obscurantists. There were four veils in the land, she had written: a veil of cloth, of ignorance, of hypocrisy, and of stagnation. She wanted no favors; she wanted for her land, and for the women in her land, the freedom of "civilized nations." There was nothing shameful to her and her generation about this quest for modernity. They wanted to find their way out of poverty and out of "the past." Not far from her was Mustafa Kemal Atatürk's project of remaking a Muslim society, and Nazira Zayn al-Din wanted for the Arabs the political and cultural renewal the Turkish leader had introduced in his land.

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BLISS WAS IT THAT DAWN

FOR A young Arab, it was heady in the 1950s and 1960s to come into this tradition that the early modernists had worked out. To be awakened to politics by the Suez War of 1956 was to be given a dream of social and political renewal, to partake of a new psychological order of things. But this was not destined to last. The beginning of the end came with the Six Day War in June of 1967. That defeat wrecked the hopes of one generation, and branded a younger one raised in its shadow. The universal truth of Arab nationalism—that large idea of a common political inheritance and a common destiny, that belief that the national boundaries of the Arab world were contrived—had cracked. That truth had only itself to blame. It had been willful, it looked past historical facts and realities it did not like and could not cope with. It papered over the antagonism between Muslim and Christian Arabs, it looked away from the "compact communities" in the Fertile Crescent and the Gulf—the Alawis, the Druze, the Shia. A project of the cities, it had been silent about the hinterland and its people. Having relied on the power of Egypt in the preceding decade, it was devastated by Egypt's retreat into its own world.

There was a partial recovery in October of 1973—the windfall of oil wealth, the decent military outcome of the war with Israel. The pull of money seemed as if it might deradicalize the political tradition. But by the end of that decade, a pied piper had risen in the East. Ayatollah Ruhollah Khomeini rallied the excluded in Arab politics and exposed the terrible secret that lay at the heart of Islam in the Fertile Crescent and the Gulf—the fault-line between Sunni and Shia Muslims. Beyond the Shia who saw the "armed Imam" as their avenger, Khomeini made theocratic politics glamorous for all Arabs. By the time Khomeini made his appearance, the secular nationalist movement in the Arab world had long cast aside its liberal beginnings and been overtaken by the autocrats. Arabs were delivered into a world that the likes of Antonius had not foreseen: the political culture of charismatic command that prevailed in Egypt and the unbridled military autocracies of Syria, Iraq, and Libya. Two French-educated pundits and intellectuals had conceived of the Baath party. They could not have imagined the regimes in Syria and Iraq that their movement had hatched.

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A brigand's gift was offered to the Arabs in August of 1990 when Saddam Hussein swept into Kuwait with, amidst the pillage and terror, a dream of historical revisionism. His soldiers' drive to the gold souk of Kuwait was an offering to all those Arabs thwarted by an era of wealth that had taunted and then denied them. A hound with an instinct for his own small world, the Iraqi had been a faithful son of the clan. He had held up a mirror to that Arab era. A decade earlier he had treated Arabs to an anti-Persian, anti-Shia campaign. He had been the "sword of the Arabs." No limits had been drawn for him. Now he struck again; it was the "springtime of nations," that annus mirabilis in Eastern Europe, and the Iraqi despot intuited the Arab despair and confusion in that time of change. But Saddam was defeated and despair persisted.

The Arab world had cast aside its liberal beginnings and been overtaken by the autocrats.

We cannot forget another player in the sands of the Middle East, the successor to the British Empire. The doors were flung wide open in Arab lands: from one side entered Pax Americana, from the other political Islam. The foreigner had called up the ancestors, as it were, and the writ of the ancestors was sharpened like a sword by men and women who insisted that they could cut the tradition to their own needs. This was the break with the nationalism of the preceding era. The hero who had dominated Arab politics, Gamal Abdel Nasser, the man at the helm of the Egyptian state from 1954 to 1970, had fought both at once political Islam and American primacy. He had all but decimated the Muslim Brotherhood in his own country, showing it no mercy. The West and the past had both been kept at bay, but that battle was now lost, and the secular project had come apart. The secular nationalists were on the run. Arabs had traveled far only to arrive at desolation.

Arabs had known troubles aplenty, but there had been political and cultural—and moral—limits, notions of what was *halal* (permissible) and *haram* (impermissible). Now these limits were transgressed with abandon. In Syria and Iraq, in the city of Hama and in the hill country of Kurdistan, Arabs saw levels of violence they had not known in earlier times. In Beirut, a city of the Arab liberal age, once a showcase of Arab enlightenment, they saw communal carnage and religious vendettas that had been covered up by a veneer of modernity and worldliness.

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The great Arab inheritance had wound its way to two destinations: autocracy and political Islam. Cynicism and nihilism overtook the political world. Arabs took to the road, to Europe and the United States. The castaways who had made Beirut their home were forced into a second migration. An émigré journalism put down roots in Paris and London. In exile, that journalism grew shrill and embittered, as though to compensate for the distance from home. A century ago, in the long twilight of Ottoman despotism, an Arab political and literary tradition had also thrived in exile. A circle was closed.

A THWARTED GENERATION

"THEY ARE sons without fathers," the Lebanese Waddah Chrara has written of the theocratic brigades that had risen in Beirut—a Mediterranean parody of the events in Iran. The sociologist could have cut a wider swath with that description, taking in the boys of the intifada in Gaza and the West Bank; the activists of Hamas, and, on the other side of the Arab world, in North Africa, the armed Islamists of Algeria who had launched a deadly war of their own, a second battle of Algiers, against their rulers. The Islamists have described it as a battle between *Hezbollah,* the Party of God, and *Hizb Franca,* the Party of France, the pious against the wicked. The sociologist's observation was true as well for that smaller war in Egypt between the inheritors of the Nasserist legacy and the Islamists, who broke with the "godless" revolution of the Free Officers and let loose their uncompromising notions of theocratic politics.

The boys of the intifada and the suicide drivers in Beirut were embraced by their weary elders. A thwarted generation of secular nationalists now offered the cruel, angry young the homage of a generation that conceded its own defeat. "The children of the stones have scattered our papers, spilled ink on our clothes, mocked the banality of our old texts," wrote the Syrian-born Nizar Qabbani, the Arab world's most widely read poet. "What matters about the children of the stones is that they have rebelled against the authority of the fathers, that they have fled the house of obedience, disobeyed our commands and our wishes . . . Oh children of Gaza, don't refer to our writings. We are your parents, don't be like us; we

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are your idols, don't worship us." Qabbani was giving voice to the abdication of the secularists. The thwarted generation was writing its own political obituary, ceding the political domain to the wrath of the new theocrats.

There is a portrait that bears an uncanny resemblance to the generational war that beset the Arab world in the 1980s: Ivan Turgenev's arresting novel, *Fathers and Sons*, published in 1862. In that work, Turgenev sketched the struggle in mid-nineteenth-century Russia between a feeble liberalism and a merciless Jacobin revolt. In Bazarov, the novel's central character, Turgenev left a universal portrait of the confident young—cruel, fanatical, and unbent. Bazarov scorned the accomplishments that a westernizing elite had secured in Russia against the background of autocracy and a peasant culture steeped in custom and superstition: "Aristocratism, liberalism, progress, principles—think of it, what a lot of foreign and useless words! To a Russian they are not worth a straw," Bazarov rails to Nikolai Petrovich, a middle-aged provincial notable of a "liberal" outlook. The ground had to be cleared, Bazarov believed, for there was nothing in public life "which does not call for absolute and ruthless repudiation." Turgenev had no illusions about Bazarov: "I conceived him," he wrote, "as a somber figure doomed to destruction because he still stands only in the gateway of the future."[1]

The Arab Bazarovs could not win: they, too, were only in the gateway of the future. In time the intifada would drown in its own blood and degenerate into a Night of the Long Knives, a hunt for demons and collaborators, and the millennium in Beirut would end in stalemate and in the triumph of the cold-blooded soldier next door, the Syrian ruler, who stepped in and inherited the ruins. The young bearers of this new politics of cruelty and wrath had bloodied the status quo; they had trampled over precious things and fed off the self-doubts of the generation that preceded them. But they could not prevail in the test of arms against the regimes in power.

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[1]My analysis of this generational revolt draws on Isaiah Berlin's exquisite essay, "Fathers and Children: Turgenev and the Liberal Predicament" in his book *Russian Thinkers*, New York: Penguin Books, 1979.

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THE POVERTY OF POLITICAL ISLAM

WE HAVE exaggerated the strength of the brigades of political Islam. All they could do was mount a rear-guard action against an encircling civilization they could neither master nor reject. Much to their own pain, no doubt, they had that dominant civilization of the West under their skin. It was from France that the Algerian Islamists wanted to wage their campaign against the regime of the military and the ruling party; it was from Jersey City and Manhattan that the blind preacher Omar Abdel Rahman and his band of young followers wanted to unseat the regime of Hosni Mubarak. And it was from London, by fax, from *bilad al Kufr* (the land of unbelief) that Muhammad al-Mas'ari, a German-trained Saudi dissident with an American wife, plotted against the House of Saud. That dissident vowed to extirpate the power and presence of the "infidel" from the sands of Arabia. But the rebel was fooling himself: the self-sufficiency of that desert world now belongs to an irretrievable past.

We have looked to the heavens, and we have looked in the scripture, for explanations for the appeal of political Islam. We have spent a generation speaking of "Islamic fundamentalism," of that theocratic force that has come into Arab life. But the truth lies in material circumstances. Theocratic politics blew in when economic growth faltered. As an authoritative World Bank report, *Claiming the Future,* documents, 1960-85 was a "golden age" of economic growth and income equality in Arab lands. Infant mortality halved, life expectancy rose by ten years, primary school enrollment increased dramatically from 61 percent in 1965 to 98 percent in 1985, and adult literacy rose. The levels of poverty were far lower in Arab countries than in East Asia and Latin America. Oil prices quadrupled in that great event in October 1973—perhaps the single largest transfer of world wealth in modern history. The place was living beyond its means and its skills. Urbanization was in full swing: the share of agricultural labor had declined from 50 percent to 30 percent in the span of three decades. But the urban population's hold on the new prosperity was tenuous. When a deep recession hit in the mid-1980s, due to the fall of oil prices, a politics of panic and resentment overtook the newly urbanized and

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newly prosperous. The population had been growing at 2.7 percent a year (the highest of any developing region), the working age population at 3.3 percent. In the cities and in the no man's land trapped by the recession, the newly urbanized were strangers living on their nerves. Their children were available to the politics of millenarianism and turmoil.

THE LOST DECADES

IN THE privacy of their own language, when "Orientalists" and other "enemies" are not listening in, in their searing fiction and poetry Arabs today circle their own tradition. Round and round they go in their attempt to divine the causes of their malady. They are not blind to what has befallen them. They may take the consoling testimonies of their "foreign friends," who tell them of the "moderation" that lies deep inside these Islamic movements, but they know better. They know of the men and women of letters and culture who have quit Arab lands and taken their work and their memories to distant shores. Over the last decade, the poet Nizar Qabbani has left for London, the celebrated Syrian-Lebanese critic and writer Adonis for Paris, and the Egyptian philosopher Nasr Hamid Abu Zeid for the Netherlands. Arabs can see that broken chain of transmission between the modernism of the interwar years and the political and cultural thought of today. The plain truths that earlier generations had seen—the separation between religion and politics, the primacy of reason—were lost in the decade now behind us. In allegory, the men and women of the secular tradition have struck back of late, traveled into the *turath* (heritage) itself in search of their own ancestors—philosophers and thinkers who upheld the rule of reason and honored the place of dissent in public and intellectual life. Once proud of their place in the world of nations, Arabs are well aware of the sea of autocracies surrounding them. It was not for political orders like those that prevail in the national security states—Iraq, Libya, Syria—that the early generation of nationalists had toiled. A modern political tradition that begot the rulers of these states, that begot the terror of Algeria, is clearly a tradition gone awry.

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THE LETHAL TRADITION

FOR THE fourth time in 30 years, Arabs face a moment of truth, a turning point, forced on them this time by the global marketplace. In many ways, this fourth crisis is the most difficult. The first moment of truth was the outcome of the Six Day War of 1967, and it was handled with skill. The "Arab Cold War" between the republics and the monarchies was liquidated, a new war was launched six years later, and a cunning *ibn balad* (son of the land), Anwar al-Sadat, proceeded to use the verdict of that war to extricate his country from the captivity of pan-Arab politics. Egypt came to terms with the world after 1973, and a measure of inter-Arab peace prevailed. The stridency of pan-Arabism and its challenge to the ruling regimes were moderated.

The second crisis was the Iranian Revolution and its war against the dominant order. The Arabs waited out that revolution, bought time for themselves, paid off the gendarme in Baghdad who stepped forth and offered his services as a man who would quarantine the theocratic upheaval. The strategy worked. The enthusiasm of that revolution blew over: a revolt that could not offer happiness to its own people could hardly export it to others. But the strategy had a price. The gendarme was emboldened.

The third challenge came with Saddam Hussein's bid for mastery of the Gulf in 1990. In retrospect, this crisis ended up as a war between a local despot and a foreign savior (Pax Americana). What truth came with this war, what lessons the Arab should have drawn from it—the shattering of the legend of Arabism—soon dissipated. The region worked its will on the foreign power's victory, and five or six years later, there emerged in Arab lands second thoughts about the foreigner's rescue and about the foreign power that had won that brilliant military campaign. There was new sympathy for Iraq, there was a sly suspicion of the foreign protector. "Each stranger made his own poor bed among them," T. E. Lawrence once wrote of the Arabs, and the great power standing sentry in the Gulf was to prove no exception to this rule. A power that had let a dictator off the hook but maintained an embargo on his people could not convince others of its wisdom. The solitude of that foreign power, and the doubts about its intentions, were laid bare in a crisis in the summer of 1996,

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when Saddam Hussein struck into Kurdistan, into the "safe haven" that American power had marked out for the Kurds after Desert Storm. This time, America was on its own. The earth had shifted: the two volleys of missiles that were fired against Iraqi air defense installations had to be launched from American ships in the Persian Gulf and B-52 bombers flying in from Guam. Those missiles were fired in the hope that America would hear no more from its nemesis in Baghdad. No one was fooled, no one believed that American power would be deployed to unseat the Iraqi leader. The people of those skeptical lands had a knack for knowing when strangers fire their guns as a cover for their retreat back to their own world.

Arab society has sought from its politics satisfactions more precious than economic welfare.

This fourth crisis is made of different material. The very political economy that saw the Arab world through that quarter-century of growth (1960-85) will have to be cleared away. The bases of that political economy—the bias against agriculture, protected markets, the public sector, a top-down educational system—have eroded. This massive adjustment to a new world will have to be done in a merciless era of capital. The balance of skills and the terms of trade have turned against the lands of the Middle East and North Africa. The World Bank report sounded the alarm: the economies of the lands of the Middle East and North Africa have stagnated. Some 260 million people in that region, we are told, export fewer manufactured goods than Finland's five million people. The average laborer was earning no more in real terms in the mid-1990s than in in 1970. A mere one percent of the private capital flowing into the developing world finds its way into these lands. And the crisis is endemic: since 1986, per capita income has fallen by two percent a year, the largest decline in any developing region. Not even the oil countries have been spared: the GDP per capita in these countries declined by four percent a year between 1980 and 1991. These Arab states of the Gulf have run down their foreign reserves, and their populations have doubled over the last two decades. Poverty had not come to the oil lands, but the ability of these states to maintain the entitlements of the past and absorb the surplus labor of their neighbors has come to an end.

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BLACK STAR

Fathers and sons, Palestine, 1996

This economic decline is a cruel twist of fate for a region with a deep mercantilist tradition. The cultural interpretation that attributes Russia's economic troubles to the absence of a capitalist tradition does not hold for the Arab lands. The fault lay not in scriptures and traditions but in public policies. The regime of state ownership, subsidies, and protectionism is in part to blame. The ruin caused by the wars and violence of the last two decades drove some $350 billion of private capital for deposits abroad, closing the circle of misfortune.

Last time that the age of capital intruded into Muslim domains their bureaucratic states had not been able to hold their own against the political power and cheaper manufactures of Europe. Foreign debt overwhelmed them; then came political subjugation. "What wealth we have we spend on injuring one another," a Druze emir of Mount Lebanon told a foreign visitor in the mid-nineteenth century, when the European economy was devastating the traditional crafts in Ottoman domains. That lethal tradition has yet

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to end. In the tradeoff between the interests and the passions, the latter—sectarian, nationalist, ethnic—have had the upper hand. Nations beget the history they deserve and want. Arab society has sought from its politics satisfactions more precious than social peace and economic welfare.

There is a danger worse than subjugation in this new era of capital: irrelevance, the danger that capital will have no interest in these lands, that their labor cannot be productive enough, that their products cannot be competitive enough. A sobering lesson is supplied by Algeria: while the dirty war rages in the north and in the cities between the "eradicationists" of the regime and the terrorists of the Armed Islamic Group, the work goes on in the oil and gas fields of the Sahara, and the oil production zone has been cordoned off by the army. Algerians need special passes to enter that zone. Whole countries could be written off and forgotten, their skills overtaken, in this new era of global capitalism. No incantations about authenticity will stop the slide into obsolescence.

A POST-ISLAMIST WORLD

THE AUTHORITARIAN state, the nihilistic opposition: the middle ground has been scorched in the two decades behind us. The ruler claiming everything, the oppositionist dispensing with all that has been built and secured by those who came before. On pain of poverty and decay, nations can persist with ruinous ways. An encrusted tradition has its own ways, a thicket of consolations and alibis shelter it from the world. Beyond economic repair (really a precondition of it), a modernist impulse will have to assert itself if rescue is to materialize. "We can't look for the future in the caves of the past, and we can't make the future with ready-hewn stones," an Egyptian thinker, Mahmoud Amin al-Alim, has written in a recent book on Arab thought between "authenticity" and "globalization." The romance with the Islamic past is illusion, a detour: that romance had filled the void when a national tradition faltered, when new classes, half-educated and bewildered, sought to simplify the world around them.

If the French scholar of Islam, Gilles Kepel, is right, a "post-Islamist" phase is on the horizon. Kepel wrote this of Egypt, the

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most worldly of the Arab states, but his observation is true of other Arab countries as well, and this phase will not have come too soon. A generation after Iran's upheaval, after the Islamist insurgencies and counterinsurgencies in Arab lands, good riddance to all that. The interpretation that reduces politics to religious categories (not surprisingly an interpretation popular with the Islamists and Westerners who study political Islam) hides the society from itself and from outside scrutiny. A nemesis has overtaken this politico-religious alternative: routine, the ways of a stubborn tradition, the persistence of an Arab political order of officers and monarchs who survived and outwitted (and outgunned) their challengers. After the brigades of *Hezbollah* laid claim to Beirut, the old materialist city rose again from the ruins, and the enforcers of *Hezbollah* themselves have found their way into the order of commerce and protected turfs.

It could be tougher going for the rulers of the Middle East in a post-Islamist phase: on the whole, their present modus operandi—counterinsurgency—is easier than economic and political reform. A frightened middle class, desperate to hold on to its small cultural liberties against the Islamists' reign of virtue and terror, is willing to sanction and live with autocratic rule. Reform of the Arab political culture will begin when a system of limited authority encounters the oppositionist with limited, realizable goals—half-steps of reform. The one Arab land that offers the best chance of a political reclamation of this sort is Egypt. It is there, in a society with genuine political experience, an innate temperament of moderation, and the security of centralized rule, that a politics of restraint and pragmatism could break the vicious circle of total rule and nihilistic opposition. Arabs would then have a model of their own of a more accommodating, more merciful political world. To be in Egypt, as I was last May when Iran voted in a presidential election, was to see an Egyptian yearning for a politics of normalcy and democratic rule. Egyptians are not fooled; they do not want for themselves the theocratic culture of Iran. But they are wistful about their own condition and there lies deep within them a reverence for the parliamentary politics they had known in the interwar years.

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PAX AMERICANA: SATAN'S REDEEMER

FAILURE CAN drape itself in ways both religious and secular. For a modernist Arab alternative to work and stick, the obsessive themes of the Arab political tradition—a historiography that lays every blame at the doorstep of the West—will have to be shed. It will not be easy, and the odds weigh against a modernist path. There is a widespread belief that the new global order and its civic religion of fiscal rectitude, privatization and competitiveness, and high tolerance for inequality is made in America's image and cut to its needs. In the workshops of the Pacific, this perception has no resonance. There is a self-confident swagger in East Asia, a belief that the "East Asian way"—markets, political autocracy, and a hierarchical social order—is made out of that region's own cultural material. No such confidence is to be found among the Arabs.

The shadow of American primacy lies on Arab lands; inescapably, onto the new reforms, onto the whole structure of contemporary international order for that matter, are projected the resentments that the intellectual class harbors toward Pax Americana. The Egyptian Mohamed Heikal, perhaps the most influential expositor of the tradition of pan-Arabism and Nasserism, gave voice to this distrust of the new order of things: nothing of value could come out of this American primacy, he recently wrote. A "new order" was being hatched for the region that could bring in its train greater ruin for the Arabs than the diplomatic settlements that carved up the Arab dominions of the Ottoman empire in the aftermath of the First World War. Arabs could come out empty-handed, he warned, in this new order of nations, let down by feeble states, and "kept in the dark in this age of satellites and mass information." No wonder the economic reforms that the Egyptian state undertook in the last two years—slashing the budget deficit, a beginning to privatize public sector companies, liberalizing the land rent laws in favor of the landholders—are written off by economic nationalists as a capitulation to an American policy bent on dismantling the public sector and undoing what had been built during the high tide of Nasserism and Arab nationalism.

It is a curious presence that America casts across the Arab landscape. America is simultaneously the agent of political order and social revolu-

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tion. It has befriended the status quo and has, for good reasons, taken a skeptical view of the oppositionists in Arab lands. The irony has not been lost on those on the receiving end of American power. The twin deities in this American civic religion, ballots and markets, have been decoupled in Arab lands. The American enthusiasm for the forms of democracy in other lands has been reined in here. (That enthusiasm is kept in check in the case of Turkey as well, and for the same reasons: fear that secularism may lose out, in open contest, to the Islamists.) Clarity will begin when the political class acknowledges the true and modest dimensions of the American role in Arab public life. The American presence in the Arab world has a long trail behind it: it stretches back to the late years of the nineteenth century with the arrival of the missionaries and the educators. In the intervening decades, America has been the thing and its opposite: Satan and redeemer; it has nurtured Arab nationalism and sustained Israel; its pop culture and media have disseminated social emancipation while its official weight has been thrown on the side of the ruling orders. But this American imperium is now part real, part pretense. No imperial vocation beckons America in Arab lands.

A historiography that lays every blame at the doorstep of the West will have to be shed.

The Arab political imagination will also have to steal away from Israel. That grand alibi for every failure under the sun has worn thin and ought to have lost what force it had in the time of the wars and of nationalism. But a foul wind has greeted Israeli-Palestinian peace, and the Arab intellectual class has, by and large, taken a dark view of the peace of Oslo and of the wider process of normalization with Israel. To the critics, this peace of Arafat, the Egyptian state, and Jordan is one large deed of surrender to American designs, an acknowledgment that the race with Israel has been lost. Palestine has become another Andalusia, one writer, Anton Shammas, mourned, a lost homeland, "a construct of nostalgia, a territory without a map."

The accommodation with Israel was delegitimized, branded as the rulers' peace. That peace could not be overturned, but the keepers of the Arab political truth—the men and women of the professional guilds, the émigré intellectuals, the world of letters, secularists and Islamists alike—would not sanction or embrace this peace. To its opponents the peace

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was a Pax Hebraica or a joint Israeli-American project that a feeble Arab world had been unable to resist. An odd, ironic destiny had overtaken Yasir Arafat after Oslo: the man who had been followed through thick and thin by his own people as he took them on endless detours had lived to see the same charges of "treason" leveled at him that had once been the unhappy possession of men like King Abdullah of Jordan and Anwar al-Sadat. After settling for what he could get, Arafat had walked away from the refugees of 1948 who had been his old constituency and from their claims to Jaffa and Haifa and Acre to lead the Palestinians of the West Bank and Gaza. Now that old pre-1948 Palestine rose like an apparition to rebuke this practical peace.

A messy history was in the making west of the Jordan River in the aftermath of Oslo; a Palestinian political enterprise had risen in the West Bank and Gaza (a state in all but name), and Israel had outgrown the tower-and-stockade Zionism of its youth. But the dominant stream in the Arab intellectual world looked past all those changes because the peace had come during a time of sorrow and disarray. The old pan-Arab truth could not be reconstituted, and the émigrés could not find their way back to their old homes and lost cities. The intimacy of the Arab past and the cozy certainties of nationalism could not be retrieved. The one sure way to the old fidelities was the enmity with Israel, which harked back to a past that memory has rearranged and turned into a time when the world was whole and right. As the world makes obsolete all the rest of the Arab inheritance, this one—anti-Zionism—becomes too precious to cast away.

In the memory of a simpler time, there were collection boxes in the schools of the Arab east for money to contribute to a struggle that raged in a distant Arab land, that first battle of Algiers against French rule, and there were celebrations when the colonialists had packed up and left and a proud Algerian state emerged and strutted on the world stage. An altogether different terror stalks Algeria today. The pain of the Arab condition in the modern world persists. But this time, one undeniable truth the early Arab nationalists had yearned for has come to pass: What destiny awaits the Arabs, what history comes their way, is now made with Arab hands.

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An Asia-Pacific Consensus

Kishore Mahbubani

HISTORY'S NEW HINGE

SINCE THE nineteenth century, the world economy's center of gravity has shifted steadily westward from Europe to North America and now to the Asia-Pacific. As the economic center shifts, the new locus becomes the main theater of global action. From the two world wars to the Cold War, the course of the twentieth century was determined primarily in Europe. In the 21st century, the Asia-Pacific will become this hinge of history.

As this century nears its end, it is distressing to see how few minds have focused on what needs to be done to keep the region on track. The constant attention to individual issues—Korea, Taiwan, Hong Kong, the Spratly Islands—ignores the dynamics of the bigger picture. In the past decade, the region has taken several big strides forward in terms of economic growth and political tranquillity, with only occasional steps backward, like the Taiwan Strait crisis last year. The Asia-Pacific can still take more steps forward, but only if the key players reach a new consensus on the region's future.

This consensus could rest on three distinct and somewhat unusual pillars. First, the current geopolitical order should be frozen in place. Under present circumstances no better order can be achieved. Second, all key players must develop a common understanding of the region's constraints and realities. Third, they will need a vision that draws out common elements from the region's tremendous diversity and so lay the groundwork for a sense of community.

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It is easy to understand how Europe is being brought together by legal compact or how the Atlantic is united by a sense of community. But the Asia-Pacific, being more diverse, requires more consensus-building. The main reason Southeast Asia—the Balkans of Asia—has held together is through such consensus-building.

As the single strongest power on the eve of the 21st century, the United States will play a pivotal role. The United States has a window of opportunity to move the Asia-Pacific, and consequently world history, down the right path. But to do so alone would deplete the deep reservoir of goodwill it has accumulated in the region and damage its long-term national interests. During the Cold War, the collective economic growth, military strength, and population of the NATO countries far exceeded those of the Warsaw Pact. But the 260 million people of the United States cannot nudge the 1.8 billion people of East Asia on its own. This will have to be a team effort.

IF IT AIN'T BROKE . . .

THE ECONOMIC resurgence in East Asia will shift the relative power of the leading players. China is the big question. In the first half of the 21st century, China's economy will almost certainly grow larger than that of the United States. When that happens, the world's established power structure will have to adjust to China's arrival; Washington may no longer be the modern Rome. Some minds there have begun flirting with the idea of containment. Though rarely discussed openly, there is a tendency to believe that since it worked against the Soviet Union, it could work against another communist giant.

But containment is a nonstarter. U.S.-led and unilateral sanctions against Iraq, Cuba, and China have failed to topple regimes or to change their behavior significantly. The United States will probably stand alone if it decides to contain China. The major European states declined to support the 1997 Human Rights Resolution against China in Geneva, nor did they join the American and British boycott of the swearing in of Hong Kong's new legislature. China poses no direct threat to Europe. On the contrary, the vast and rapidly growing Chinese and East Asian economies offer immense opportunities for rejuvenating Europe. Europe is realistic, and it will engage China as a partner.

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The 500 million people of Southeast Asia, soon to be united by the expansion of the Association of Southeast Asian Nations (ASEAN), will also serve to check containment. The current generation of Southeast Asian leaders still remembers China's behavior during Mao's heyday, when Beijing supported communist insurgencies against them. But China's rulers now seem to be moving the Middle Kingdom in the same direction as ASEAN states, concentrating on economic development and burying political differences, to the benefit of all.

. . . DON'T FIX IT

REJECTION OF containment does not mean acceptance of appeasement. If China's rise is causing disquiet among policymakers in Washington, it is similarly unsettling in other capitals, from Tokyo to Moscow, from New Delhi to Canberra.

China should understand why there is a strong impulse in the region to retain elements of the status quo. The U.S. military presence is one key element. There is a consensus in Washington's defense establishment that this presence should not be scaled back. But officials must convince Congress and the American public why this should be so, especially when there is no clear military threat to American interests. The challenge will become even more acute after Korea's reunification, which may happen sooner rather than later.

American interests in the Asia-Pacific region have grown to an extent that is not fully appreciated. In 1996, the United States' overall trade with Asia stood at $570 billion, compared to $270 billion with Europe. Trade matters more and more to the United States. Exports today make up 30 percent of the United States' GDP, up from 13 percent in 1970 and 25 percent in 1992. While headlines often focus on trade deficits with Asia, few Americans are aware that between 1992 and 1996 the value of American exports to Japan grew 47 percent and exports to the rest of East Asia, excluding China, by the same figure. The United States exports more to Singapore than it does to France or Italy, two partners in the Group of Seven. Altogether 11.5 million high-paying American jobs rely on exports to the world. Trade flows are matched by increasing investment and

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tourist flows that have created a bubbling caldron of economic growth on both sides of the Pacific.

Any exodus of U.S. forces from the Asia-Pacific would damage this spectacular economic performance. The region's economic dynamism rests on a stable geopolitical environment, marked by a general absence of conflict or military tension. While there are flash points—Korea, the Senkaku/Diaoyu Islands, Taiwan, the Spratly Islands—the prevailing balance of power, though delicate, prevents them from igniting. The U.S. military presence buys time—both for the region and the United States.

One of the region's secrets is that the present order serves everyone well.

Officially, China frowns on the U.S. military presence, especially after the dispatch of two aircraft carriers at the height of the Taiwan Straits crisis in March 1996 and the interim review of the U.S.-Japan defense guidelines in June 1997. But Chinese strategists know the alternatives could be worse. Any breakup of the U.S.-Japan military alliance, at a time when Japan feels insecure about China's rise, would leave Japan with no option but to go nuclear.

Washington must be sensitive to Sino-Japanese relations. It was only a hundred years ago that the Japanese navy sank the Qing dynasty's fleet, forcing the cession of Taiwan to Japan. China will not easily forget its defeat, humiliation, and suffering during this century's Japanese occupation. It will never accept Taiwan falling under the umbrella of the U.S.-Japanese alliance. Although the international media portray Japan as pacifist and China as belligerent, the emotions in both countries are triggered by memories of a different era, when the roles were reversed. China must realize that Japan today is developing equally strong fears and suspicions of it. Never before have China and Japan both been powerful at the same time. It will take a while before open and direct dialogue develops between Beijing and Tokyo. This is one reason the United States is still needed.

ASEAN and Australia have also tried to provide opportunities for Japan and China to meet. Australia initiated the Asia-Pacific Economic Cooperation forum, which was elevated to the level of heads of state by President Bill Clinton in 1993, providing the only opportunity

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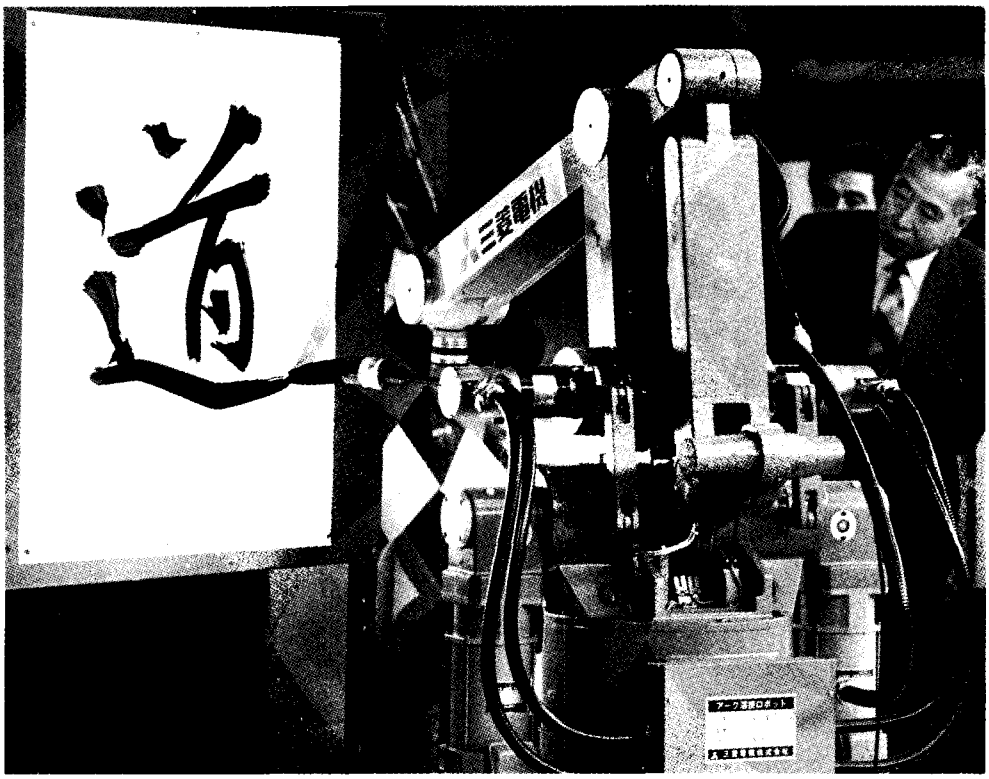

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The Pacific Path:
A robot draws the Chinese character for "the way"

for the leaders of the United States, Japan, and China to come together in the same room. ASEAN also initiated the ASEAN Regional Forum, the only regional security forum that includes all the major powers. No other regional security forum enjoys both American and Chinese confidence. Foreign ministers presently meet at the ARF, but the time for an ARF summit of world leaders may have arrived. While APEC is unable to discuss security issues because of Taiwan and Hong Kong's presence, ARF suffers from no such limitations. In December, another historic meeting will take place when the leaders of China, Japan, and South Korea meet with ASEAN leaders in Kuala Lumpur, in the first-ever East Asian Summit. With each meeting, distrust is chipped away.

One of the secrets of the region is that the present order serves everyone well. The status quo enables the United States to retain its dominant position, protects Japan and removes the pressure for it to consider unilateral options, and gives China what it really desires: decades of peace in which to achieve modernization. Although no

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Chinese leader can forsake the national dream of reunifying with Macao and Taiwan, China has far too many domestic preoccupations to contemplate external adventures. To avoid provoking China's ire, the U.S.-Japanese alliance should remain defensive, should not include Taiwan, and should not be extended or changed without careful consideration of regional concerns. Equally important, the United States and Japan must continue to adhere, in form and spirit, to the one-China policy they declare to be official policy. As long as the world, especially the United States and Japan, respects the one-China policy, China will not make waves.

PACIFIC PARTNERS

As the region navigates its way into the next century, policymakers must recognize the realities and constraints in the Asia-Pacific, the second pillar of the plan for the area's continued progress.

The region must accept and adapt to how policy is made in Washington. It is not made on the basis of wise, carefully considered choices, but is, rather, the product of public debate, private consultations, and much disarray. Long-term interests are overridden by the short-term interests of managing the media agenda. Long-overdue bilateral visits, such as between the leaders of the United States and China, are hostage to scandals, confirmed or unconfirmed. A wounded presidency, more the rule than the exception since Lyndon Johnson, further complicates matters. And it is on this axis that world history turns.

For a start, East Asian policymakers must accept that the days of the 1950s and 1960s, when American wealth seemed endless and Uncle Sam reached out generously to the Third World, are over. The only way to anchor the United States in a positive relationship with the region is to demonstrate how much it benefits from its friends in the east. Japanese officials seem unable to understand the contradiction between their economic policies (which alienate Americans, fairly or unfairly) and their security policies (which welcome Americans). These contradictions need to be resolved.

But the United States, in turn, must accept that it cannot turn back the clock of history. America cannot turn off the economic explosions it helped begin in East Asia. Indeed, like a chain reaction, the dynamism

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will continue in Asia until most East Asian countries approach the standard of living of industrialized countries. And economic growth has ignited cultural confidence in East Asian minds. The Asian renaissance is here to stay, with or without American involvement.

No government in the region will swallow a suicide pill, no matter how sugar-coated. For the most part, American human rights policies are the result of a benign impulse to improve the lot of the rest of mankind. But their selective application suggests that they are based at least partially on realpolitik rather than universal moral considerations. Although the governments of China and Vietnam distrust each other, they have a united response to American efforts to pry open the government they have in place. They do not see the choice as Americans see it—between dark repression and enlightenment. Rather, they regard the alternatives as the chaos of the past and a future anarchy, resembling the former Soviet Union, if change is too hasty.

The Asian renaissance is here to stay, with or without American involvement.

The region must also accept that the march of technology is irreversible. The Internet, fax machines, and satellite TV have opened up every society in the Asia-Pacific, with the exception of North Korea. The East Asian middle class, whose numbers will soon approach 500 million, is developing an understanding of American society's strengths and weaknesses. Its members can make informed choices about the kind of society they want to create for themselves.

With expanding trade, investment, telecommunications, telemedia, and travel flows, the Pacific Ocean is shrinking to a pond. Interdependence will steadily increase. Initially, East Asians will need U.S. markets, investment, and technology to grow. But as their markets expand, the dependence will be mutual. Competition among Japanese, European, and American multinational companies will be decided by who wins the fastest-growing markets in East Asia. If Caterpillar loses the Chinese market to Komatsu, it will lose more than just one market; it will lose the stream of sales needed to upgrade its technology and competitiveness. Performance in the East Asian marketplace will make or break the next generation of multinational corporations.

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This interdependence is perhaps the most important reality for key players to acknowledge. The United States can create turmoil in the region with a sudden military withdrawal. Japan can cause chaos by halting the purchase of U.S. Treasury bills, as Prime Minister Ryutaro Hashimoto recently mentioned publicly. China can raise fears by turning inward. ASEAN can shift the geopolitical balance by leaning to one side or another. With interdependence, a common understanding of realities and constraints becomes essential.

MORE ALIKE THAN YOU KNOW

LEADERS MUST forge a shared vision that will pull the two sides of the Pacific together. Given the divisive debates of recent years, especially between the United States and Asian countries over democracy and human rights, finding common elements that would appeal to the idealism and interests on both sides of the Pacific may seem impossible. The Asia-Pacific will take some time to realize the sense of community that has been established across the Atlantic. But a failure to do so may lead the region to drift apart.

The Asia-Pacific faces the danger of a split down the middle of the Pacific Ocean, creating an East-West divide. Theoretically, the odds are in favor of this outcome. But those who live and travel in the region realize that a new order is emerging. While governments and newspapers highlight differences, the quality of people-to-people relationships are bridging the cultural gaps, even between the United States and China. Tens of thousands of Chinese students have returned to China after studying in America, and it is these thousands who are moving up the political ladder, assuming key posts as mayors and vice ministers.

When this generation of Asia-Pacific residents gathers, whether they are American and Chinese, Australian and Indonesian, Japanese and Thai, there is little discomfort or distance. They do business with each other with ease. It is not uncommon for a Hong Kong developer to build a shopping center in Jakarta, with the architectural design done in Vancouver. Or for a Singapore shipping line to shift its accounts department to Manila while acquiring a second shipping line in California. These growing interactions lead to conversations among people from all corners of

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the Asia-Pacific, in which they speak readily of the strengths and weaknesses of their respective societies.

One might expect these conversations to be peppered with arguments over democracy and dictatorship. Instead, people compare notes on the problems they have with their own governments and societies, and it turns out that all share a desire for good governance. If the region's goal were good governance rather than one form of government, this shared ideal could be a key element for building a political consensus in the Asia-Pacific. After all, no society has yet achieved a monopoly on good governance.

No society has achieved a monopoly on good governance.

If measures like political stability, economic growth, poverty alleviation, and increasing life expectancy and educational levels were the standard, most Asia-Pacific governments would score well. Impartial reports, like those from the World Bank and the World Economic Forum, can serve as the basis for objective evaluation of governance. One of the most hopeful signs is how closely governments in the region watch their ranking on world competitiveness tables. They recognize that closed societies cannot compete well; nor can those engaged in civil war and conflict. ASEAN's decision not to accept co-Prime Minister Hun Sen's seizure of power by force in Cambodia in July showed that minimum standards of good governance are being established.

Private conversations also reveal a common aspiration to live in a society marked by the rule of law. Most people in the Asia-Pacific welcome the principle of equality under the law, which is the foundation of Western societies. East Asians worry about arbitrary justice, still prevalent in many parts of the region. Indeed, for many East Asian societies with lingering feudal traditions, the introduction of the rule of law could have revolutionary implications.

China's decision to work toward a modern legal system with due process, an independent judiciary, and a modern penal and civil code is a remarkable development. It represents a major departure from both Confucianist thinking and Maoist ideology. If North Americans and East Asians felt the same comfort in the rule of law as they moved from city to city, that could prove one of the strongest bonds for the region.

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The extension of domestic law could be matched by an equal acceptance of international law. The Asia-Pacific will take some time to achieve the stability of North America or Western Europe. Unresolved differences like those in the South China Sea are volatile. But the region can learn from ASEAN, which, despite the ethnic, religious, linguistic, and political diversity in Southeast Asia, has kept peace among its members for decades.

Another strong strain in the region is the shared objective of economic liberalization. ASEAN has announced the goal of an ASEAN free trade area by 2003. In the very first year of implementation, 1993, trade among ASEAN members grew 40 percent. APEC has set goals of 2010 and 2020 for free trade among developed and developing members, respectively. U.S. Trade Representative Charlene Barshefsky has mentioned the possibility of exploring free trade areas not just up and down the Americas but even across the Pacific, beginning with Australia, New Zealand, and Singapore. It is clear that free-trade agreements are the way of the future. The challenge is to strengthen and extend the web.

Shifts in power are usually accompanied by conflict, not consensus. But the Asia-Pacific region can learn from history. The Treaty of Versailles after World War I failed because it tried to block an emerging power, Germany. The same mistake need not be made with China. New powers must be accommodated, not contained. Adjustments must be made. In this day and age, when the ideas of the Enlightenment have spread to all corners of the globe, the adjustments need not take place on battlefields. The world can move to a new order in which societies can compete in social, economic, and intellectual fields, and in which those best able to harness the strengths of their entire populations are most likely to triumph. If the Asia-Pacific is to defy the historical odds and make a smooth transition from one order to another, a new consensus must be forged soon.

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The Global Economy and the Nation-State

Peter F. Drucker

A TRUE SURVIVOR

SINCE TALK of the globalization of the world's economy began some 35 years ago, the demise of the nation-state has been widely predicted. Actually, the best and the brightest have been predicting the nation-state's demise for 200 years, beginning with Immanuel Kant in his 1795 essay "Perpetual Peace," through Karl Marx in "Withering Away of the State," to Bertrand Russell's speeches in the 1950s and 1960s. The latest such prediction by eminent and serious people appears in a book called *The Sovereign Individual* by Lord William Rees-Mogg, former editor of the London Times and now vice chairman of the BBC, and James Dale Davidson, chairman of Britain's National Tax Payers' Union. Rees-Mogg and Davidson assert that for all but the lowest earners the Internet will make avoiding taxes so easy and risk-less that sovereignty will inevitably shift to the individual, leaving the nation-state to die of fiscal starvation.

Despite all its shortcomings, the nation-state has shown amazing resilience. While Czechoslovakia and Yugoslavia have been casualties of a changing order, Turkey, a nation that never before existed as such, has become a functioning nation-state. India, rarely united except under a foreign conqueror, is holding together as a nation-state. And every country that emerged from the nineteenth-century colonial empires has established itself as a nation-state, as have all the countries emerging from the breakup of the Eurasian empire forged by

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the czars and tied together even more tightly by the czar's communist successors. So far, at least, there is no other institution capable of political integration and effective membership in the world's political community. In all probability, therefore, the nation-state will survive the globalization of the economy and the information revolution that accompanies it. But it will be a greatly changed nation-state, especially in domestic fiscal and monetary policies, foreign economic policies, control of international business, and, perhaps, in its conduct of war.

THE NATION-STATE AFLOAT

CONTROL OF money, credit, and fiscal policy was one of three pillars on which Jean Bodin, the brilliant French lawyer who coined the term "sovereignty," set the nation-state in his 1576 *Six Books of the Republic*. It has never been a sturdy pillar. By the late nineteenth century, the dominant currency was no longer state-minted coins or state-printed bank notes, but credit created by fast-growing privately controlled commercial banks. The nation-state countered with the central bank. By 1912, when the United States established the Federal Reserve System, every nation-state had its own central bank to control the commercial banks and their credit. But throughout the nineteenth century, one nation-state after another put itself (or was put) under the control of the nonnational gold standard, which imposed strict limits on a country's monetary and fiscal policies. And the gold exchange standard, established in the Bretton Woods agreements after World War II, while a good deal more flexible than the pre-World War I gold standard, still did not give individual countries full monetary and fiscal sovereignty. Only in 1973, when President Nixon floated the U.S. dollar, did the nation-state—or so it was claimed—attain full autonomy in monetary and fiscal affairs. Surely governments and their economists had learned enough to use such sovereignty responsibly.

Not many economists—at least in the English-speaking world—want to go back to fixed exchange rates or anything resembling the old system. But even fewer would claim that nation-states have shown skill or responsibility in using their new fiscal and

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monetary freedom. Floating currencies, it was promised, would make for stable currencies, with the market controlling exchange rates through constant small adjustments. Instead, there has been no period in peacetime, save the early years of the Great Depression, in which currencies have fluctuated as widely and abruptly as since 1973. Freed from external constraints, governments have gone on spending binges.

The Bundesbank in Germany is practically free from political control and is dedicated to fiscal rectitude. It knew that the spending spree the politicians proposed during the country's reunification was economic folly, and it said so loud and clear. Still the politicians went ahead, gaining short-term popularity while risking long-term economic costs. The Bundesbank predicted everything that has come to pass, including unemployment rates in both East and West Germany not seen since the dying days of the Weimar Republic. It is the same with politicians everywhere; it makes little difference which party is in power or how much it promises to cut or control.

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VIRTUAL MONEY

WHILE THE hope that governments will practice self-discipline is fantasy, the global economy imposes new and more severe restraints on government. It is forcing government back into fiscal responsibility. Floating exchange rates have created extreme currency instability, which in turn has created an enormous mass of "world money." This money has no existence outside the global economy and its main money markets. It is not being created by economic activity like investment, production, consumption, or trade. It is created primarily by currency trading. It fits none of the traditional definitions of money, whether standard of measurement, storage of value, or medium of exchange. It is totally anonymous. It is virtual rather than real money.

Virtual money has won in every instance, proving that it is the arbiter of economic policies.

But its power is real. The volume of world money is so gigantic that its movements in and out of a currency have far greater impact than the flows of financing, trade, or investment. In one day, as much of this virtual money may be traded as the entire world needs to finance trade and investment for a year. This virtual money has total mobility because it serves no economic function. Billions of it can be switched from one currency to another by a trader pushing a few buttons on a keyboard. And because it serves no economic function and finances nothing, this money also does not follow economic logic or rationality. It is volatile and easily panicked by a rumor or unexpected event.

One example is the run on the dollar in the spring of 1995, which forced President Clinton to abandon his earlier spending plans and embrace a balanced budget. The run was triggered by the failure of the Republican majority in the Senate to pass a constitutional amendment calling for a balanced budget. Even if the amendment had passed, it would have been meaningless. It was riddled with loopholes and required ratification by 38 states to become law, which at best would have taken many years. But the world's currency traders panicked and started a run on the U.S. dollar. Already undervalued 10 percent against the Japanese yen, the run pushed the dollar down another 25 percent—from 106 yen to the dollar to less than 80—in

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two weeks. More important, the run caused the near-collapse of the U.S. bond market, on which the United States depends to finance its deficits. The central banks of the United States, England, Germany, Japan, Switzerland, and France instantly swung into concerted action to support the dollar. They failed, losing billions in the attempt. It took the dollar the better part of a year to climb back to its original (still undervalued) exchange rate.

A similar panic-driven run on the French franc in 1981 forced President Mitterrand to abandon promises that had helped get him elected three months earlier. There have been panic runs on the Swedish krona, the British pound, the Italian lira, and the Mexican peso. Virtual money won every time, proving that the global economy is the ultimate arbiter of monetary and fiscal policies.

Currency runs, however, are not the appropriate cure for fiscal irresponsibility. In the case of Mexico, they were worse than the disease. The 1995 run on the peso wiped out six years of hard-won economic gains that had turned the country from a basket case into an emerging economy. But so far there is no other control on fiscal irresponsibility. The only thing that can work is fiscal and monetary policies that free a country from depending on borrowing short-term, volatile world money to cover its deficits. This is likely to require a balanced budget—or something very close to balanced—over any three- or five-year period. And this then puts severe limitations on the nation-state's fiscal and monetary autonomy, which the 1973 floating of exchange rates was supposed to set free for all time.

The process of restoring such nonnational and supranational restraints is well under way. The Eurobank's currency for the entire European Economic Community, planned to be in place before the century's end, would transfer control of money and credit from the individual member states to an independent transnational agency. Another approach, apparently favored by the U.S. Federal Reserve Board, would give a consortium of central banks similar authority, thus maintaining the trappings of national fiscal sovereignty while taking away much of its reality. Both approaches, however, would only institutionalize what has already become an economic reality: basic economic decisions are made in and by the global economy rather than the nation-state.

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The unrestrained financial and monetary sovereignty given to the nation-state by floating exchange rates 25 years ago has not been good for government. It has largely deprived government of its ability to say no. It has transferred decision-making power from government to special interest groups. It is largely to blame for the precipitate decline in confidence in and respect for government that has been a conspicuous and disturbing trend in almost every country. Paradoxically, losing its fiscal and monetary sovereignty may make the nation-state stronger rather than weaker.

BREAKING THE RULES

FAR SUBTLER but perhaps even more important is the impact of the global economy's rise on the basic assumptions and theories on which most governments, especially in the West, base their international economic policies. There are any number of signs that something is going on in the world economy that breaks the rules that have been at work for decades.

Why did the dollar fall against the yen by more than 50 percent when President Reagan and the Japanese government agreed to give up the fixed 250:1 yen-to-dollar rate in 1983? While the dollar was indeed overvalued, its purchasing power parity with the yen was around 230. No one expected it to drop below 200 yen. Instead, the dollar went into free fall and did not come to rest until it had lost almost 60 percent of its value against the yen, that is, until it hit 110 yen two years later (only to fall again 10 years later to 80 yen). Why? To this day, here has been no explanation. Even more mysterious, the dollar showed such a sharp fall only against the yen. In fact, it increased its value against some other key currencies. Again, no one anticipated this and no one can explain it.

Reagan and his economic advisers wanted a cheaper dollar so as to eliminate a growing trade deficit with Japan. According to all theory and 200 hundred years of experience, a lower dollar should mean more American exports to Japan and fewer American imports from Japan. Japanese exporters, especially the automobile and consumer electronics manufacturers, went into hysterics and announced that the end of the world had come. American exports did indeed go up

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sharply, but even more to some countries against whose currencies the dollar gained in value. But Japanese exports to the United States, despite the dollar depreciation, rose even faster than U.S. exports to Japan, so that the U.S. trade deficit with Japan actually went up rather than down. Every time in the last 15 years that the dollar has slid against the yen, the American administration of the day has predicted that Japan's trade surplus with the United States would shrink. Every time the Japanese have screamed that they were ruined. And every time Japan's export surplus has increased almost immediately.

There is no explanation for some of the conundrums of a global economy.

One popular explanation is that Japanese manufacturers are geniuses. But although the major exporters are very sharp, genius cannot overcome a 50 percent drop in revenues in virtually no time. The true explanation is that Japan benefited as much from the lower dollar as it was penalized by it. Japan is the world's largest importer of foodstuffs and raw materials, all of which are priced in dollars. It spends roughly as much on importing these commodities as it earns dollars by exporting finished manufactured goods. An individual Japanese manufacturing company like Toyota may lose because the dollars it gets for its cars exported to the United States earn only half as many yen as before, but for the entire Japanese economy the drop in the dollar's value against the yen was simply a wash.

But this raises another, even more mysterious riddle. What explains why the Japanese did not have to pay more for the commodities they imported? According to all theory and earlier experience, commodity prices in dollars should have gone up as much as the dollar went down. The Japanese should have had to pay as much as they did before the dollar was devalued. If that had happened, as it always had before, there would indeed be no Japanese surplus in trade with the United States. But commodity prices in dollars today are lower than in 1983—and there is no explanation for this either.

There is only one piece of the puzzle that makes sense, but it is even less compatible with traditional international trade theory. The U.S. Department of Commerce estimates that 40 percent or more of goods exported from any developed country go to overseas subsidiaries and

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affiliates of domestic companies. Officially and legally, they are exports. Economically, they are intracompany transfers. They are machines, supplies, and half-finished goods that have been engineered into the production of the plant or the affiliate abroad and must be continued, whatever the exchange rate. To change this relationship would take years and cost more than foreign exchange savings could possibly recover. Forty percent of what is reported as trade in goods is thus "trade" only as a legal fiction. And that proportion is steadily growing.

International trade theory takes for granted that investment follows trade. Most people think "international trade in goods" when they hear the words "international trade." But increasingly today, trade follows investment. International movements of capital rather than international movements of goods have become the engine of the world economy. And while trade in goods has indeed grown faster since World War II than in any period in history, trade in services has been growing even faster, whether it be financial services, management consulting, accounting, insurance, or retailing. Service exports 20 years ago were so small that they were rarely recorded in trade statistics. Today they are a quarter of U.S. exports and the only producers of sizable American export surpluses. They follow few, if any, of the rules of traditional international trade. Only tourism, for instance, is highly sensitive to foreign exchange rates and their fluctuations.

I have intentionally stuck to American economic conundrums, but similar ones can be found in the economy of every developed country and most developing countries. The centers of the world economy have shifted away from the developed countries. Only 15 years ago it was generally believed that the growth of developing countries depended on the prosperity of the developed ones. In the last two decades, the developed countries have not done particularly well; but world trade and production have boomed as never before, with the bulk of the growth occurring in emerging countries. The explanation, in large part, is that knowledge has replaced the economist's "land, labor, and capital" as the chief economic resource. Knowledge, mainly in the form of the training methods and philosophies developed in the United States during World War II, exploded the axiom that low wages mean low productivity. Training now enables a country's labor force to attain world-class productivity while still paying an emerging country's wages for at least eight or ten years.

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These new realities require different economic theories and different international economic policies. Even if a lower exchange rate improves a country's exports, it also weakens a country's ability to invest abroad. And if trade follows investment, lower foreign exchange rates for a country's currency diminish exports within a few years. This is what happened to the United States: the cheaper dollar increased American manufactured exports in the short term. But it also impaired the ability of American industry to invest abroad and thus to create export markets for the long term. As a result, the Japanese are now far ahead of the Americans in market share and market leadership in the emerging countries of East and Southeast Asia.

The need for new theories and policies explains the sudden interest in what is being promoted by James Fallows, editor in chief of *U.S. News and World Report*, and others as the "national development policies" of the nineteenth-century German economist Friedrich R. List. Actually, the policies List preached in 1830s Germany—protection of infant industries so as to develop domestic business—were not List's and were not German. They are strictly American, growing out of Alexander Hamilton's 1791 "Report on Manufactures," which Henry Clay, 25 years later, expanded into what he called the "American System." List, in the United States as a political refugee from Germany, learned them while serving as Clay's secretary.

What makes these old ideas attractive is that Hamilton, Clay, and List did not focus on trade. They were neither free traders nor protectionists. They focused on investment. Asian economies, beginning with Japan after World War II, have been following policies similar to those Hamilton and Clay advocated for the infant United States. The international economic policies likely to emerge over the next generation will be neither free-trade nor protectionist, but focused on investment rather than trade.

SELLING TO THE WORLD

IN THE global economy, businesses are increasingly forced to shift from being multinational to being transnational. The traditional multinational is a national company with foreign subsidiaries. These subsidiaries are clones of the parent company. A German subsidiary

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of an American manufacturing company, say, is a self-contained operation that manufactures almost everything it sells within Germany, buying its supplies there and employing almost exclusively Germans.

Most companies doing international business today are still organized as traditional multinationals. But the transformation into transnational companies has begun, and it is moving fast. The products or services may be the same, but the structure is fundamentally different. In a transnational company there is only one economic unit, the world. Selling, servicing, public relations, and legal affairs are local. But parts, machines, planning, research, finance, marketing, pricing, and management are conducted in contemplation of the world market. One of America's leading engineering companies, for instance, makes one critical part for all of its 43 plants worldwide in one location outside of Antwerp, Belgium—and nothing else. It has organized product development for the entire world in three places and quality control in four. For this company, national boundaries have largely become irrelevant.

The transnational company is not totally beyond the control of national governments. It must adapt to them. But these adaptations are exceptions to policies and practices decided on for worldwide markets and technologies. Successful transnational companies see themselves as separate, nonnational entities. This self-perception is evidenced by something unthinkable a few decades ago: a transnational top management. The world's best-known management consulting firm, McKinsey & Co., for instance, though headquartered in New York, is headed by an Indian. And for many years the number two man at Citibank, the only big commercial bank that has gone transnational, was Chinese.

The U.S. government is trying to counteract this trend by extending American legal concepts and legislation beyond its shores. It is doing so with respect to antitrust laws, an almost uniquely American concept. It is also trying to rein in transnational companies through American laws covering torts, product liability, and corruption. And America goes to battle against transnational companies through economic sanctions against Cuba and Iraq.

Although the United States is still the world's largest economic power—and likely to remain so for many years—the attempt to mold the world economy to American moral, legal, and economic concepts

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is futile. In a global economy in which major players can emerge almost overnight, there can be no dominant economic power.

Nonetheless, there is certainly need for moral, legal, and economic rules that are accepted and enforced throughout the global economy. A central challenge, therefore, is the development of international law and supranational organizations that can make and enforce rules for the global economy.

WAR AFTER GLOBAL ECONOMICS

THOUGH INCOMPATIBLE, the global economy and total war are both children of this century. The strategic goal in traditional warfare, in Clausewitz's famous phrase, was "to destroy the enemy's fighting forces." War was to be waged against the enemy's soldiers. It was not supposed to be waged against enemy civilians and their property. There were always exceptions, of course. Sherman's march through Georgia at the end of the U.S. Civil War was aimed at civilians and their property rather than the threadbare Confederate army. But that it was an exception—and meant to be one—is one reason it is still so vividly remembered. A few years later, in the Franco-Prussian War of 1870-71, Bismarck took great care to keep France's financial system intact.

But during this century's first war, the Boer War, the rule was changed. The goal of warfare was redefined as destroying the enemy's potential for waging war, which meant destroying the enemy's economy. Also, for the first time in modern Western history, war was systematically waged against the enemy's civilian population. To break the fighting spirit of the Boer soldiers, the British herded Boer women and children into history's first concentration camps.

Before this century, the West generally observed another rule: enemy civilians residing in one's country were to be left unmolested so long as they did not engage in political activity. But in World War I, Britain and France interned all enemy aliens, although the United States, Germany, and Austria refrained. Until 1900, businesses and property owned by foreign nationals or by companies domiciled in an enemy country were left undisturbed. Since World War I—with the British again taking the lead—such property was confiscated and put under government custodianship in wartime.

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The rules of total war are so firmly established by now that most people take them to be akin to laws of nature. With missiles, satellites, and nuclear weapons, there can be no return to the nineteenth-century belief that the military's first task is to keep war away from the country's civilians. In modern war, there are no civilians.

But while destroying the enemy's economy helps win the war, it impairs the victor's chance of winning the peace. This was one of the most significant lessons of this century's two postwar periods, the 20 years after 1918 and the 50 years after 1945. The unprecedented American policies after World War II, including the Marshall Plan, brought about the speedy recovery of the former enemy economies, and with them 50 years of unprecedented economic expansion and prosperity for the victors as well. These policies came into existence because George Marshall, Harry Truman, Dean Acheson, and Douglas MacArthur remembered the catastrophic consequences of World War I's punitive peace. If "war is the continuation of policy by other means," to quote another maxim from Clausewitz, then total war will have to be adjusted to the realities of the global economy.

Total-war doctrines would harm a country's war effort these days.

Since businesses are moving from multinational to transnational, total-war doctrines may actually be detrimental to a country's war effort these days. For example, Italy's largest armaments producer during World War I was an automobile company named Fiat. Austria-Hungary's largest armaments producer in its fight against Italy during World War I was the wholly owned Austrian subsidiary of Fiat. It had been founded a year or two after the parent company started in Italy, but by 1914 it was substantially larger and more advanced than its parent, owing to the greater size of Austria-Hungary's market. To make this Italian-owned subsidiary the center of Austria's war production required literally nothing but a new bank account.

Today such a wholly owned subsidiary would assemble and sell whole cars, but might only manufacture brakes. That subsidiary's brakes would be used by all the company's plants worldwide, and it would receive all the other parts and supplies it needed from other subsidiaries throughout the world. This transnational integration

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could cut the costs of the finished automobile by as much as 50 percent. But it also makes an individual subsidiary practically unable to produce anything if cut off from the rest of the company. In many developed countries, businesses integrated transnationally now account for one-third to one-half of their industry's output.

I do not pretend to know the answers to the growing contradiction between peacetime and wartime economies. But there is a precedent. The most innovative political achievement of the nineteenth century was the International Red Cross. First proposed in 1862 by a Swiss citizen, Jean Henri Dunant, it became the world's first transnational agency within 10 years and it is still the world's most successful one. What it did in setting universal rules for treating the wounded and prisoners of war may need to be done now with respect to the treatment of civilians and their property. That too, in all likelihood, will require a transnational agency and, as in the case of the Red Cross, substantial curtailment of national sovereignty.

Since the early Industrial Revolution, it has been argued that economic interdependence would prove stronger than nationalist passions. Kant was the first to say so. The "moderates" of 1860 believed it until the first shots were fired at Fort Sumter. The Liberals of Austria-Hungary believed to the very end that their economy was far too integrated to be split into separate countries. So, quite clearly, did Mikhail Gorbachev. But whenever in the last 200 years political passions and nation-state politics have collided with economic rationality, political passions and the nation-state have won.

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Bits, Bytes, and Diplomacy

Walter B. Wriston

THE THIRD TECHNOLOGICAL REVOLUTION

An American historian once opined, "Peace is the mastery of great forces; it is not the solution of a problem."[1] Great new forces are at work in the world, and if we are to master them, the beginning of wisdom is to recognize that the world is changing dramatically and at unprecedented speed. We are in the midst of a revolution. A revolution by definition causes old power structures to crumble and new ones to rise. The catalyst—but not the cause—has always been technological change. Now, as in revolutions past, technology is profoundly affecting the sovereignty of governments, the world economy, and military strategy.

We are now living in the midst of the third great revolution in history. When the principle of the lever was applied to make a plow, the agricultural revolution was born, and the power of nomadic tribal chiefs declined. When centuries later, men substituted the power of water, steam, and electricity for animal muscle, the Industrial Revolution was born. Both of these massive changes took centuries to unfold. Each caused a shift in the power structure. Today, the marriage of computers and telecommunications has ushered in the Information Age, which is as different from the Industrial Age as that period was from the Agricultural Age. Information technology has demolished time and distance. Instead of validating Orwell's vision of Big Brother watching the citizen, the third revolution enables the citizen to watch Big Brother. And so the virus of freedom, for which there is no antidote, is spread by electronic networks to the four corners of the earth.

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History is strewn with wonderful inventions. Most of them were designed to solve specific problems: the wheel to move things, engines to supply power, clocks and compasses to tell time and direction. The inventions that made possible the information revolution were different. They changed the way we solve problems. When Johann Gutenberg pioneered movable type in Europe in 1436, and when Intel designed the integrated circuit in the 1970s, the way we record, store, access, and peruse knowledge made quantum leaps forward and affected not only how we do our jobs, but what we do.

These two events were just as important as they sound. Gutenberg broke the monopoly of the monks who copied manuscripts by hand and guarded them jealously. They understood that knowledge was power and sometimes chained books to the shelves. In *The Discoverers,* Daniel Boorstin cites a 12th-century manuscript inscription: "This book belongs to the monastery of St. Mary of Robert's Bridge, who ever shall steal it from this house, or mutilate it let him be forever cursed. Amen." Contrast that mindset with the ability of a researcher anywhere in the world with a computer and a modem to tap into the entire database of the Library of Congress, the Bibliothèque de France, or the British Library. In today's parlance, this change constitutes a paradigm shift.

George Gilder explains that "the key to paradigm shifts is the collapse of formerly pivotal scarcities, the rise of new forms of abundance, and the onset of new scarcities. Successful innovators use these new forms of abundance to redress the emergent shortages."[2] The enormous use of timber for railroad ties and trestles as American railroads pushed west caused Theodore Roosevelt to declare a national shortage of timber, which was soon replaced by an abundance of concrete, iron, and steel. Shortly thereafter, electricity and steam power overcame looming shortages of labor and materials. The recent alleged shortage of broadcast frequencies caused electronic engineers to expand the spectrum's useful frequencies. This cycle has continued throughout history. In the three pillars of the order that resulted from the Industrial Revolution—national sovereignty, national economies,

[1]Henry M. Wriston, *Prepare for Peace*, New York: Harper & Bros., 1941, p. 237.
[2]George Gilder, "Over the Paradigm Cliff," *ASAP*, February 1997, p. 29.

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and military power—the information revolution has increased the power of individuals and outmoded old hierarchies.

A GLOBAL VILLAGE

SOVEREIGNTY, THE power of a nation to stop others from interfering in its internal affairs, is rapidly eroding. When Woodrow Wilson went to Paris to negotiate the Treaty of Versailles, he ordered his postmaster-general to assume control over all transatlantic cable lines in order to censor the news from Europe. Today no one and no nation can block the flow of information across national borders.

During the Persian Gulf War, Saddam Hussein proposed what was viewed in Washington as a phony peace settlement. President Bush had to convey that judgment to the 26 nations in the coalition. As Marlin Fitzwater, former White House Press Secretary, remembers, the "quickest and most effective way was CNN, because all countries in the world had it and were watching it on a real-time basis . . . and 20 minutes after we got the proposal . . . I went on national television . . . to tell the 26 members . . . that the war was continuing." In this and many other instances, the elite foreign policy establishment and its government-to-government communications were bypassed. No highly trained foreign service officer meticulously drafted a note, no secretary of state signed it, and no American ambassadors called on foreign ministers to deliver the message. The United States entrusted a vital diplomatic message to a private television company seen by the whole world. Wilson's strategy was to control the flow of information by fiat, while Bush realized that since he could not beat the world information free market, he had better join it.

Today special interest groups of all kinds, from terrorists to human rights activists, bypass government-based communications channels. In *The News Media in National and International Conflicts,* Andrew Arno explains that when relations sour between two countries "it is often more a matter of strained relations between centers of interest than whole countries." We have seen these forces at work from South Africa to Korea as one pressure group after another steps around national governments to further its own crusade.

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The convergence of computers and telecommunications has made us into a global community, ready or not. For the first time in history, rich and poor, north and south, east and west, city and countryside are linked in a global electronic network of shared images in real time. Ideas move across borders as if they did not exist. Indeed, time zones are becoming more important than borders.

The convergence of computers and telecommunications has made us into a global community.

Small villages are known as efficient marketplaces of ideas. A village quickly shares news of any innovation, and if anyone gets a raise or new privileges, everyone similarly situated will soon be pressing for the same. And why not? These people are just like me, the villagers say. Why should I not have what they have? The Internet carries conversations between millions of people without regard to gender, race, or color. The impact of the global conversation, like that of a village conversation, is enormous—and it is multiplied many times.

A global village will have global customs. Denying people human rights or democratic freedoms no longer means denying them an abstraction they have never experienced, but violating the established customs of the village. It hardly matters that only a minority of the world's people enjoy such freedoms or the prosperity that goes with them; these are now the benchmarks. More and more people around the globe are demanding more say in their own destiny. Once people are convinced that this is possible, an enormous burden of proof falls on those who would deny them.

The global conversation puts pressure on sovereign governments that over time will influence political processes all over the world. The information revolution is thus profoundly threatening to the power structures of the world, and with good reason. In Prague in 1988 the first protesters in the streets looked into CNN cameras and chanted at the riot police, "The world sees you." And it did. It was an anomaly of history that other Eastern Europeans watched the revolution on CNN relayed by a Russian satellite and mustered the courage to rebel against their own sovereigns. All this has confirmed Abraham Lincoln's sentiment, expressed on his way to his first inauguration, that the American Declaration of Inde-

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pendence "gave liberty not alone to the people of this country, but hope to all the world, for all future time." At the time Lincoln spoke, his words were heard by only a handful of people. It is a testament to his prescience that changes he could not have imagined have brought his words, and freedom itself, to unprecedented portions of humanity.

A NEW SOURCE OF WEALTH

THE FLOOD of real-time data has also transformed the international economy. The depth of the global market renders economic theory based on national markets suspect. In the world's financial markets, sovereign governments have lost the ability to influence the price others will pay for their currency on anything but a momentary basis. When I started in the banking business, the total foreign exchange market in New York was only about $50 million. If the Federal Reserve called Citibank or Chase and instructed them to sell $10 million, an order that size could move the market. Today, the market is $1 trillion, and central bank intervention in foreign exchange becomes an expensive exercise in futility. The market is a giant voting machine that records in real time the judgment of traders all over the world about American diplomatic, fiscal, and monetary policies. It has created an information standard that is far more rapid and draconian than the gold standard ever was. Moments after a president announces a policy in the Rose Garden, the market's judgment is reflected in the price of the dollar.

Information technology has also produced a new source of wealth that is not material; it is information—knowledge applied to work to create value. When we apply knowledge to ongoing tasks, we increase productivity. When we apply it to new tasks, we create innovation. The pursuit of wealth is now largely the pursuit of information and its application to the means of production. The rules, customs, skills, and talents necessary to uncover, capture, produce, preserve, and exploit information are now humankind's most important. The competition for the best information has replaced the competition for the best farmland or coal fields. In fact, the appetite to annex territory has

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already attenuated, and major powers have withdrawn from previously occupied territories.

The new economic powerhouses are masters not of huge material resources, but of ideas and technology. The way the market values companies is instructive: it now places a higher value on intellectual capital than on hard assets like bricks and mortar. Microsoft, with only a relatively small amount of fixed assets, now has a market capitalization well in excess of Ford, General Motors, and Chrysler combined, all of which have huge bases. The powerful economies of Singapore and Hong Kong, countries with virtually no physical assets, demonstrate the growing irrelevance of territory to wealth. This shift requires a different management structure and mindset, and affects not only individual companies, but entire nations.

The new economic powerhouses are masters of ideas and technology.

The changing perception of what constitutes an asset poses huge problems in expanding or even maintaining the power of government. Unlike land or industrial plants, information resources are not bound to geography or easily taxed and controlled by governments. In an economy that consists largely of information products, the government's power to tax and regulate erodes rapidly. Our laws and systems of measurement are becoming artifacts of another age. Bill Gates, with the skills to write and market a complex software system that can produce $1 billion of revenue, can walk past a customs officer anywhere in the world with nothing of "value" to declare, but his wife might have to pay duty on her new ring. Bad data produces bad decisions and leaves us puzzled as to why old policies no longer work. The measures of the industrial society, which count the number of railroad brakemen but do not record the number of computer programmers, highlight a growing problem in setting policy. As DNA research reveals more precise understandings about the way a living organism functions than gross observations of developed biological structures, so we need more precise measures of how nations and companies function in our new environment.

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INFORMATION DOMINANCE

THESE CHANGES affect not only the civilian production machine on which our economic strength rests, but also our military capabilities. In science, there used to be two ways to proceed: the first was to construct a theory, and the second was to conduct a physical experiment. Today we have a third: computer simulation. In the Persian Gulf War, for example, young, basically inexperienced Americans defeated Iraq's feared Republican Guards. A retired colonel asked one commander: "How do you account for your dramatic success, when not a single officer or man in your entire outfit ever had combat experience?" "But we were experienced," said the commander. "We had fought such engagements six times before in complete battle simulation at the National Training Center and in Germany."[3] The U.S. military today is a spectacular example of the replacement of physical assets by information. Information, to be sure, has often made the difference between victory and defeat. Where is the enemy located? How many troops are involved? How are they armed? What is new is the ease and accuracy with which such questions can be answered.

Military intelligence has become much more complex and even has a new name: "information dominance." Today Apache helicopters flying over Bosnia upload detailed pictures of action on the ground to a satellite, record them with a video camera, or beam them directly to local headquarters. Videos taken from the air verify the Dayton accords. Major General William Nash observed that in Bosnia, "We don't have arguments. We hand them pictures, and they move their tanks." This is a long way from 1943, when analysts were hunting through the stacks of the Library of Congress for maps and photographs of possible German targets for Allied bombers since few, if any, were available in the War Department. Today even the ground troops on patrol are equipped with night vision goggles and use a hand-held Global Positioning System device to pinpoint their exact position from satellites. Because the soil is strewn with mines, knowing exactly where you are is a matter of life and death even when there is no fighting. Mines that have been located by

[3] Kevin Kelly, *Out of Control: The Rise of a Neo-Biological Civilization*, Reading, MA: Addison-Wesley, 1994, p. 246.

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an airborne mine detection system are exploded by remotely controlled drone Panther tanks. And so in the military as in civilian life, information in all its forms is replacing hard assets.

Reliance on information technology also has dangerous downsides. The American information infrastructure, in the words of the recent *Report of the Defense Science Board Task Force on Information Warfare,* is "vulnerable to attack" and "creates a tunnel of vulnerability previously unrealized in the history of conflict." Rogue states and groups can conduct information warfare even though they do not command a large military establishment. Today we are witnessing guerrilla warfare, ethnic conflicts, and active terrorist groups. As the Task Force notes:

> Offensive information warfare is attractive to many because it is cheap in relation to the cost of developing, maintaining, and using advanced military capabilities. It may cost little to suborn an insider, create false information, manipulate information, or launch malicious logic-based weapons against an information system connected to the globally shared telecommunications infrastructure. The latter is particularly attractive; the latest information on how to exploit many of the design attributes and security flaws of commercial computer software is freely available on the Internet.

Adversaries, both real and potential, have a lot to work with since the Department of Defense has over two million computers, over 10,000 local-area networks, and over 100 long-distance networks that coordinate and implement every element of its missions, from weapons design to battlefield management. During the calendar year 1995, up to 200,000 intrusions may have been made into the DOD's unclassified computers. These intruders "have modified, stolen and destroyed data and software and shut down computers and networks." Effective diplomacy at critical junctures in any age is backed by the knowledge that if all else fails, military force can be used to attain national goals.

Therefore, vulnerability to an attack on information infrastructure is attracting the attention of a presidential commission and numerous task forces. But with about 90 percent of our military traffic moving over public computer networks, it is increasingly hard to tell the military from the civilian infrastructure. The bureaucratic distinctions between intelligence and law enforcement, between permitted surveillance at home

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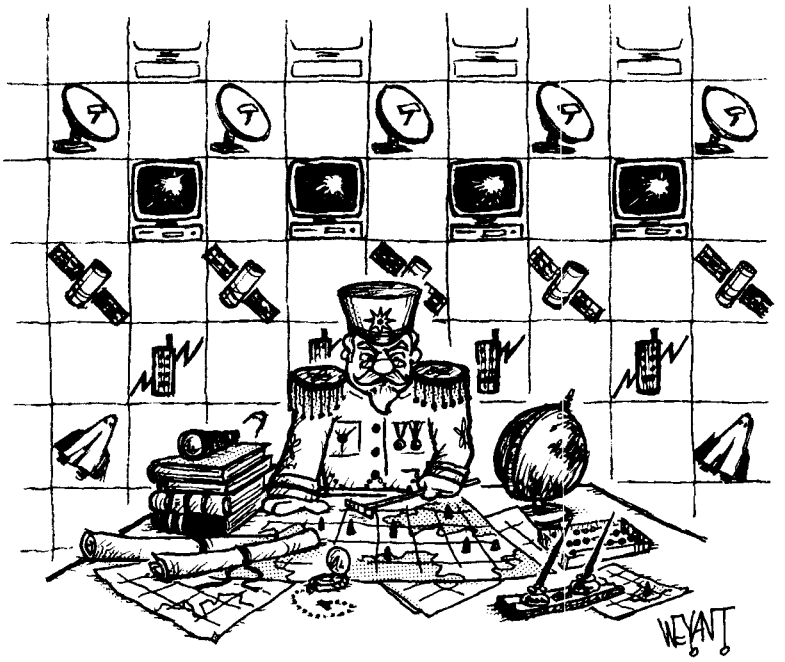

and abroad, may be unsuited for information warfare. There are no borders in cyberspace to mandate these distinctions. The smallest nation, terrorist group, or drug cartel could hire a computer programmer to plant a Trojan horse virus in software, take down a vital network, or cause a missile to misfire. Voltaire said: "God is always for the big battalions." In this new world he may be wrong. The United States' increasing reliance on massive networks may make it more, not less vulnerable.

It may even be unclear what constitutes an act of war. If U.S. satellites suddenly go blind and the telephone network on the eastern seaboard goes down, it is possible that the United States could not even identify the enemy. Its strategic stockpile of weapons would be of little use. There would be no big factory to bomb—only a person somewhere writing software. The possibility of an electronic Pearl Harbor has sparked a debate on how to counter the threat. The Commission on Critical Infrastructure Protection established by President Clinton's executive order is a step in the right direction and has been described in Senate testimony "as the equivalent of the Manhattan Project." It will work at the crossroads of the First Amendment and national security, at the vortex of personal privacy through encryption and the National Security Agency's desire to breach it, and at the frontier of what Sun Tzu two millennia ago described as "vanquishing the enemy without fighting."

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VIRTUAL LEADERSHIP

We live in revolutionary times, as did the Founding Fathers. They exhibited a keen interest in technology—provision for copyright and patent protection was written into the Constitution itself. This provision was implemented by an act of Congress in 1790 creating a patent board consisting of the secretary of state, the secretary of war, and the attorney general. It was a prestigious group: Thomas Jefferson, Henry Knox, and Edmund Randolph. That board is long gone and the schism between the diplomat and the scientist has grown wider at the very time it is becoming more and more important that the two understand each other. Because so much change in the current revolution is driven by technology, our task in mastering these new forces is made more complex by the difficulty of communicating across disciplines. Diplomats, trained in the humanities, often tend to validate C. P. Snow's famous lecture on "Two Cultures," in which he argued that scientists and humanists are ignorant of each other's knowledge and are content to stay that way. Many diplomatic historians have minimized or even ignored the impact of scientific discoveries on the course of history, preferring instead to follow the great man theory or look for the historical tides that carry the world along. Indeed, the indexes of many standard texts on diplomatic history do not even include the words "technology" or "economics."

An expert is a person with great knowledge about a legacy system—indeed there are no experts on the future. Henry Kissinger observed in *Diplomacy* that "most foreign policies that history has marked highly, in whatever country, have been originated by leaders who were opposed by experts. It is, after all, the responsibility of the expert to operate the familiar and that of the leader to transcend it." During World War I, an aide-de-camp to British Field Marshal Douglas Haig, after seeing a tank demonstration, commented, "The idea that cavalry will be replaced by these iron coaches is absurd. It is little short of treasonous." In the United States, the ridicule and court-martial of Brigadier General Billy Mitchell, when he postulated the importance of air power by offering to sink a battleship, is instructive. Secretary of War Newton D. Baker thought so little of the idea that he was "willing to stand on the bridge of a battleship while that nitwit tries to hit it from the air." Indeed this recurring phenomenon was encapsulated in Arthur

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Clarke's First Law, cited in his *Profiles of the Future*: "When a distinguished but elderly scientist states that something is possible he is almost certainly right. When he states that something is impossible, he is very probably wrong." In the case of U.S. national security, a refusal to take note of real change in the world is a recipe for disaster.

The new technology will not go away—it will only get better in accordance with Moore's law, which postulates that microchips will double in density and speed every 18 months. Bandwidth will grow even faster. The third technological revolution has brought about immense global prosperity. Contrary to the doomsayers who postulated that the world would run out of resources by the year 2000, it is difficult to find a single commodity that is worth more in real terms today than it was ten years ago. Knowledge, once an ornament displayed by the rich and powerful at conferences, now combines with management skills to produce wealth. The vast increase of knowledge has brought with it a huge increase in the ability to manipulate matter, increasing its value by the power of the mind and generating new products and substances unknown in nature and undreamed of only a few years ago. In the past, when the method of creating wealth changed, old power structures lost influence, new ones arose, and every facet of society was affected. As we can already see the beginning of that process in this revolution, one can postulate that in the next few decades the attraction and management of intellectual capital will determine which institutions and nations will survive and prosper, and which will not.

But despite all of the advances of science and the ways in which it is changing the world, science does not remake the human mind or alter the power of the human spirit. There is still no substitute for courage and leadership in confronting the new problems and opportunities that our world presents. What has changed dramatically is the amount of information available to our policymakers. One hopes that the data processed by the minds of trained diplomats will produce real knowledge, and with enough experience, wisdom. Wisdom has always been in short supply, but it will be sorely needed in the days and years ahead, because in the words of former President Richard Nixon, "Only people can solve problems people create."

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The Real New World Order

Anne-Marie Slaughter

THE STATE STRIKES BACK

MANY THOUGHT that the new world order proclaimed by George Bush was the promise of 1945 fulfilled, a world in which international institutions, led by the United Nations, guaranteed international peace and security with the active support of the world's major powers. That world order is a chimera. Even as a liberal internationalist ideal, it is infeasible at best and dangerous at worst. It requires a centralized rule-making authority, a hierarchy of institutions, and universal membership. Equally to the point, efforts to create such an order have failed. The United Nations cannot function effectively independent of the major powers that compose it, nor will those nations cede their power and sovereignty to an international institution. Efforts to expand supranational authority, whether by the U.N. secretary-general's office, the European Commission, or the World Trade Organization (WTO), have consistently produced a backlash among member states.

The leading alternative to liberal internationalism is "the new medievalism," a back-to-the-future model of the 21st century. Where liberal internationalists see a need for international rules and institutions to solve states' problems, the new medievalists proclaim the end of the nation-state. Less hyperbolically, in her article, "Power Shift," in the January/February 1997 *Foreign Affairs*, Jessica T. Mathews describes a shift away from the state—up, down, and sideways—to supra-state, sub-state, and, above all, nonstate actors. These new players have multiple allegiances and global reach.

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Mathews attributes this power shift to a change in the structure of organizations: from hierarchies to networks, from centralized compulsion to voluntary association. The engine of this transformation is the information technology revolution, a radically expanded communications capacity that empowers individuals and groups while diminishing traditional authority. The result is not world government, but global governance. If government denotes the formal exercise of power by established institutions, governance denotes cooperative problem-solving by a changing and often uncertain cast. The result is a world order in which global governance networks link Microsoft, the Roman Catholic Church, and Amnesty International to the European Union, the United Nations, and Catalonia.

The new medievalists miss two central points. First, private power is still no substitute for state power. Consumer boycotts of transnational corporations destroying rain forests or exploiting child labor may have an impact on the margin, but most environmentalists or labor activists would prefer national legislation mandating control of foreign subsidiaries. Second, the power shift is not a zero-sum game. A gain in power by nonstate actors does not necessarily translate into a loss of power for the state. On the contrary, many of these nongovernmental organizations (NGOs) network with their foreign counterparts to apply additional pressure on the traditional levers of domestic politics.

A new world order is emerging, with less fanfare but more substance than either the liberal internationalist or new medievalist visions. The state is not disappearing, it is disaggregating into its separate, functionally distinct parts. These parts—courts, regulatory agencies, executives, and even legislatures—are networking with their counterparts abroad, creating a dense web of relations that constitutes a new, transgovernmental order. Today's international problems—terrorism, organized crime, environmental degradation, money laundering, bank failure, and securities fraud—created and sustain these relations. Government institutions have formed networks of their own, ranging from the Basle Committee of Central Bankers to informal ties between law enforcement agencies to legal networks that make foreign judicial decisions more and more familiar. While political scientists Robert Keohane and Joseph Nye first observed its emergence in the 1970s, today

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transgovernmentalism is rapidly becoming the most widespread and effective mode of international governance.

Compared to the lofty ideals of liberal internationalism and the exuberant possibilities of the new medievalism, transgovernmentalism seems mundane. Meetings between securities regulators, antitrust or environmental officials, judges, or legislators lack the drama of high politics. But for the internationalists of the 1990s—bankers, lawyers, businesspeople, public-interest activists, and criminals—transnational government networks are a reality. Wall Street looks to the Basle Committee rather than the World Bank. Human rights lawyers are more likely to develop transnational litigation strategies for domestic courts than to petition the U.N. Committee on Human Rights.

> The state is not disappearing, it is disaggregating.

Moreover, transgovernmentalism has many virtues. It is a key element of a bipartisan foreign policy, simultaneously assuaging conservative fears of a loss of sovereignty to international institutions and liberal fears of a loss of regulatory power in a globalized economy. While presidential candidate Pat Buchanan and Senator Jesse Helms (R-N.C.) demonize the U.N. and the WTO as supranational bureaucracies that seek to dictate to national governments, Senators Ted Kennedy (D-Mass.) and Paul Wellstone (D-Mich.) inveigh against international capital mobility as the catalyst of a global "race to the bottom" in regulatory standards. Networks of bureaucrats responding to international crises and planning to prevent future problems are more flexible than international institutions and expand the regulatory reach of all participating nations. This combination of flexibility and effectiveness offers something for both sides of the aisle.

Transgovernmentalism also offers promising new mechanisms for the Clinton administration's "enlargement" policy, aiming to expand the community of liberal democracies. Contrary to Samuel Huntington's gloomy predictions in *The Clash of Civilizations and the New World Order* (1996), existing government networks span civilizations, drawing in courts from Argentina to Zimbabwe and financial regulators from Japan to Saudi Arabia. The dominant institutions in these networks remain concentrated in North America and Western Europe, but their

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impact can be felt in every corner of the globe. Moreover, disaggregating the state makes it possible to assess the quality of specific judicial, administrative, and legislative institutions, whether or not the governments are liberal democracies. Regular interaction with foreign colleagues offers new channels for spreading democratic accountability, governmental integrity, and the rule of law.

An offspring of an increasingly borderless world, transgovernmentalism is a world order ideal in its own right, one that is more effective and potentially more accountable than either of the current alternatives. Liberal internationalism poses the prospect of a supranational bureaucracy answerable to no one. The new medievalist vision appeals equally to states' rights enthusiasts and supranationalists, but could easily reflect the worst of both worlds. Transgovernmentalism, by contrast, leaves the control of government institutions in the hands of national citizens, who must hold their governments as accountable for their transnational activities as for their domestic duties.

JUDICIAL FOREIGN POLICY

JUDGES ARE building a global community of law. They share values and interests based on their belief in the law as distinct but not divorced from politics and their view of themselves as professionals who must be insulated from direct political influence. At its best, this global community reminds each participant that his or her professional performance is being monitored and supported by a larger audience.

National and international judges are networking, becoming increasingly aware of one another and of their stake in a common enterprise. The most informal level of transnational judicial contact is knowledge of foreign and international judicial decisions and a corresponding willingness to cite them. The Israeli Supreme Court and the German and Canadian constitutional courts have long researched U.S. Supreme Court precedents in reaching their own conclusions on questions like freedom of speech, privacy rights, and due process. Fledgling constitutional courts in Central and Eastern Europe and in Russia are eagerly following suit. In 1995, the South African Supreme Court, finding the death penalty unconstitutional under the national constitution, referred to decisions from national and supranational courts around the world,

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including ones in Hungary, India, Tanzania, Canada, and Germany and the European Court of Human Rights. The U.S. Supreme Court has typically been more of a giver than a receiver in this exchange, but Justice Sandra Day O'Connor recently chided American lawyers and judges for their insularity in ignoring foreign law and predicted that she and her fellow justices would find themselves "looking more frequently to the decisions of other constitutional courts."

National and international judges are networking, creating new global relationships.

Why should a court in Israel or South Africa cite a decision by the U. S. Supreme Court in reaching its own conclusion? Decisions rendered by outside courts can have no authoritative value. They carry weight only because of their intrinsic logical power or because the court invoking them seeks to gain legitimacy by linking itself to a larger community of courts considering similar issues. National courts have become increasingly aware that they and their foreign counterparts are often engaged in a common effort to delimit the boundaries of individual rights in the face of an apparently overriding public interest. Thus, the British House of Lords recently rebuked the U.S. Supreme Court for its decision to uphold the kidnapping of a Mexican doctor by U.S. officials determined to bring him to trial in the United States.

Judges also cooperate in resolving transnational or international disputes. In cases involving citizens of two different states, courts have long been willing to acknowledge each other's potential interest and to defer to one another when such deference is not too costly. U.S. courts now recognize that they may become involved in a sustained dialogue with a foreign court. For instance, Judge Guido Calabresi of the Second Circuit recently allowed a French litigant to invoke U.S. discovery provisions without exhausting discovery options in France, reasoning that it was up to the French courts to identify and protest any infringements of French sovereignty. U.S. courts would then respond to such protests.

Judicial communication is not always harmonious, as in a recent squabble between a U.S. judge and a Hong Kong judge over an insider trading case. The U.S. judge refused to decline jurisdiction in favor of the Hong Kong court on grounds that "in Hong Kong they practically give you a medal for doing this sort of thing [insider trading]." In

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CORBIS - BETTMANN

Let's keep talking: judicial networking is born

response, the Hong Kong judge stiffly defended the adequacy of Hong Kong law and asserted his willingness to apply it. He also chided his American counterpart, pointing out that any conflict "should be approached in the spirit of judicial comity rather than judicial competitiveness." Such conflict is to be expected among diplomats, but what is striking here is the two courts' view of themselves as quasi-autonomous foreign policy actors doing battle against international securities fraud.

The most advanced form of judicial cooperation is a partnership between national courts and a supranational tribunal. In the European Union (EU), the European Court of Justice works with national courts when questions of European law overlap national law. National courts refer cases up to the European Court, which issues an opinion and sends the case back to national courts; the supranational recommendation guides the national court's decision. This cooperation marshals the power of domestic courts behind the judgment of a supranational tribunal. While the Treaty of Rome provides for

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this reference procedure, it is the courts that have transformed it into a judicial partnership.

Finally, judges are talking face to face. The judges of the supreme courts of Western Europe began meeting every three years in 1978. Since then they have become more aware of one another's decisions, particularly with regard to each other's willingness to accept the decisions handed down by the European Court of Justice. Meetings between U.S. Supreme Court justices and their counterparts on the European Court have been sponsored by private groups, as have meetings of U.S. judges with judges from the supreme courts of Central and Eastern Europe and Russia.

The most formal initiative aimed at bringing judges together is the recently inaugurated Organization of the Supreme Courts of the Americas. Twenty-five supreme court justices or their designees met in Washington in October 1995 and drafted the OCSA charter, dedicating the organization to "promot[ing] and strengthen[ing] judicial independence and the rule of law among the members, as well as the proper constitutional treatment of the judiciary as a fundamental branch of the state." The charter calls for triennial meetings and envisages a permanent secretariat. It required ratification by 15 supreme courts, achieved in spring 1996. An initiative by judges, for judges, it is not a stretch to say that OCSA is the product of judicial foreign policy.

Champions of a global rule of law have most frequently envisioned one rule for all, a unified legal system topped by a world court. The global community of law emerging from judicial networks will more likely encompass many rules of law, each established in a specific state or region. No high court would hand down definitive global rules. National courts would interact with one another and with supranational tribunals in ways that would accommodate differences but acknowledge and reinforce common values.

THE REGULATORY WEB

THE DENSEST area of transgovernmental activity is among national regulators. Bureaucrats charged with the administration of antitrust policy, securities regulation, environmental policy, criminal law enforcement, banking and insurance supervision—in short, all the

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agents of the modern regulatory state—regularly collaborate with their foreign counterparts.

National regulators track their quarry through cooperation. While frequently ad hoc, such cooperation is increasingly cemented by bilateral and multilateral agreements. The most formal of these are mutual legal assistance treaties, whereby two states lay out a protocol governing cooperation between their law enforcement agencies and courts. However, the preferred instrument of cooperation is the memorandum of understanding, in which two or more regulatory agencies set forth and initial terms for an ongoing relationship. Such memorandums are not treaties; they do not engage the executive or the legislature in negotiations, deliberation, or signature. Rather, they are good-faith agreements, affirming ties between regulatory agencies based on their like-minded commitment to getting results.

National regulators track their quarry through cooperation.

"Positive comity," a concept developed by the U.S. Department of Justice, epitomizes the changing nature of transgovernmental relations. Comity of nations, an archaic and notoriously vague term beloved by diplomats and international lawyers, has traditionally signified the deference one nation grants another in recognition of their mutual sovereignty. For instance, a state will recognize another state's laws or judicial judgments based on comity. Positive comity requires more active cooperation. As worked out by the Antitrust Division of the U.S. Department of Justice and the EU's European Commission, the regulatory authorities of both states alert one another to violations within their jurisdiction, with the understanding that the responsible authority will take action. Positive comity is a principle of enduring cooperation between government agencies.

In 1988 the central bankers of the world's major financial powers adopted capital adequacy requirements for all banks under their supervision—a significant reform of the international banking system. It was not the World Bank, the International Monetary Fund, or even the Group of Seven that took this step. Rather, the forum was the Basle Committee on Banking Supervision, an organization composed of 12 central bank governors. The Basle Committee was created by a simple agreement among the governors themselves. Its members meet

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four times a year and follow their own rules. Decisions are made by consensus and are not formally binding; however, members do implement these decisions within their own systems. The Basle Committee's authority is often cited as an argument for taking domestic action.

National securities commissioners and insurance regulators have followed the Basle Committee's example. Incorporated by a private bill of the Quebec National Assembly, the International Organization of Securities Commissioners has no formal charter or founding treaty. Its primary purpose is to solve problems affecting international securities markets by creating a consensus for enactment of national legislation. Its members have also entered into information-sharing agreements on their own initiative. The International Association of Insurance Supervisors follows a similar model, as does the newly created Tripartite Group, an international coalition of banking, insurance, and securities regulators the Basle Committee created to improve the supervision of financial conglomerates.

Pat Buchanan would have had a field day with the Tripartite Group, denouncing it as a prime example of bureaucrats taking power out of the hands of American voters. In fact, unlike the international bogeymen of demagogic fantasy, transnational regulatory organizations do not aspire to exercise power in the international system independent of their members. Indeed, their main purpose is to help regulators apprehend those who would harm the interests of American voters. Transgovernmental networks often promulgate their own rules, but the purpose of those rules is to enhance the enforcement of national law.

Traditional international law requires states to implement the international obligations they incur through their own law. Thus, if states agree to a 12-mile territorial sea, they must change their domestic legislation concerning the interdiction of vessels in territorial waters accordingly. But this legislation is unlikely to overlap with domestic law, as national legislatures do not usually seek to regulate global commons issues and interstate relations.

Transgovernmental regulation, by contrast, produces rules concerning issues that each nation already regulates within its borders: crime, securities fraud, pollution, tax evasion. The advances in technology and transportation that have fueled globalization have made it more

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difficult to enforce national law. Regulators benefit from coordinating their enforcement efforts with those of their foreign counterparts and from ensuring that other nations adopt similar approaches.

The result is the nationalization of international law. Regulatory agreements between states are pledges of good faith that are self-enforcing, in the sense that each nation will be better able to enforce its national law by implementing the agreement if other nations do likewise. Laws are binding or coercive only at the national level. Uniformity of result and diversity of means go hand in hand, and the makers and enforcers of rules are national leaders who are accountable to the people.

BIPARTISAN GLOBALIZATION

SECRETARY OF STATE Madeleine Albright seeks to revive the bipartisan foreign policy consensus of the late 1940s. Deputy Secretary of State Strobe Talbott argues that promoting democracy worldwide satisfies the American need for idealpolitik as well as realpolitik. President Clinton, in his second inaugural address, called for a "new government for a new century," abroad as well as at home. But bipartisanship is threatened by divergent responses to globalization, democratization is a tricky business, and Vice President Al Gore's efforts to "reinvent government" have focused on domestic rather than international institutions. Transgovernmentalism can address all these problems.

Globalization implies the erosion of national boundaries. Consequently, regulators' power to implement national regulations within those boundaries declines both because people can easily flee their jurisdiction and because the flows of capital, pollution, pathogens, and weapons are too great and sudden for any one regulator to control. The liberal internationalist response to these assaults on state regulatory power is to build a larger international apparatus. Globalization thus leads to internationalization, or the transfer of regulatory authority from the national level to an international institution. The best example is not the WTO itself, but rather the stream of proposals to expand the WTO's jurisdiction to global competition policy, intellectual property regulation, and

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other trade-related issues. Liberals are likely to support expanding the power of international institutions to guard against the global dismantling of the regulatory state.

Here's the rub. Conservatives are more likely to favor the expansion of globalized markets without the internationalization that goes with it, since internationalization, from their perspective, equals a loss of sovereignty. According to Buchanan, the U.S. foreign policy establishment "want[s] to move America into a New World Order where the World Court decides quarrels between nations; the WTO writes the rules for trade and settles all disputes; the IMF and World Bank order wealth transfers from continent to continent and country to country; the Law of the Sea Treaty tells us what we may and may not do on the high seas and ocean floor, and the United Nations decides where U.S. military forces may and may not intervene." The rhetoric is deliberately inflammatory, but echoes resound across the Republican spectrum.

Transgovernmental initiatives are a compromise that could command bipartisan support. Regulatory loopholes caused by global forces require a coordinated response beyond the reach of any one country. But this coordination need not come from building more international institutions. It can be achieved through transgovernmental cooperation, involving the same officials who make and implement policy at the national level. The transgovernmental alternative is fast, flexible, and effective.

A leading example of transgovernmentalism in action that demonstrates its bipartisan appeal is a State Department initiative christened the New Transatlantic Agenda. Launched in 1991 under the Bush administration and reinvigorated by Secretary of State Warren Christopher in 1995, the initiative structures the relationship between the United States and the EU, fostering cooperation in areas ranging from opening markets to fighting terrorism, drug trafficking, and infectious disease. It is an umbrella for ongoing projects between U.S. officials and their European counterparts. It reaches ordinary citizens, embracing efforts like the Transatlantic Business Dialogue and engaging individuals through people-to-people exchanges and expanded communication through the Internet.

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DEMOCRATIZATION, STEP BY STEP

TRANSGOVERNMENTAL NETWORKS are concentrated among liberal democracies but are not limited to them. Some nondemocratic states have institutions capable of cooperating with their foreign counterparts, such as committed and effective regulatory agencies or relatively independent judiciaries. Transgovernmental ties can strengthen institutions in ways that will help them resist political domination, corruption, and incompetence and build democratic institutions in their countries, step by step. The Organization of Supreme Courts of the Americas, for instance, actively seeks to strengthen norms of judicial independence among its members, many of whom must fend off powerful political forces.

Individuals and groups in nondemocratic countries may also "borrow" government institutions of democratic states to achieve a measure of justice they cannot obtain in their own countries. The court or regulatory agency of one state may be able to perform judicial or regulatory functions for the people of another. Victims of human rights violations, for example, in countries such as Argentina, Ethiopia, Haiti, and the Philippines have sued for redress in the courts of the United States. U.S. courts accepted these cases, often over the objections of the executive branch, using a broad interpretation of a moribund statute dating back to 1789. Under this interpretation, aliens may sue in U.S. courts to seek damages from foreign government officials accused of torture, even if the torture allegedly took place in the foreign country. More generally, a nongovernmental organization seeking to prevent human rights violations can often circumvent their own government's corrupt legislature and politicized court by publicizing the plight of victims abroad and mobilizing a foreign court, legislature, or executive to take action.

Responding to calls for a coherent U.S. foreign policy and seeking to strengthen the community of democratic nations, President Clinton substituted the concept of "enlargement" for the Cold War principle of "containment." Expanding transgovernmental outreach to include institutions from nondemocratic states would help expand the circle of democracies one institution at a time.

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A NEW WORLD ORDER IDEAL

TRANSGOVERNMENTALISM OFFERS its own world order ideal, less dramatic but more compelling than either liberal internationalism or the new medievalism. It harnesses the state's power to find and implement solutions to global problems. International institutions have a lackluster record on such problem-solving; indeed, NGOs exist largely to compensate for their inadequacies. Doing away with the state, however, is hardly the answer. The new medievalist mantra of global governance is "governance without government." But governance without government is governance without power, and government without power rarely works. Many pressing international and domestic problems result from states' insufficient power to establish order, build infrastructure, and provide minimum social services. Private actors may take up some slack, but there is no substitute for the state.

Transgovernmental networks allow governments to benefit from the flexibility and decentralization of nonstate actors. Jessica T. Mathews argues that "businesses, citizens' organizations, ethnic groups, and crime cartels have all readily adopted the network model," while governments "are quintessential hierarchies, wedded to an organizational form incompatible with all that the new technologies make possible." Not so. Disaggregating the state into its functional components makes it possible to create networks of institutions engaged in a common enterprise even as they represent distinct national interests. Moreover, they can work with their subnational and supranational counterparts, creating a genuinely new world order in which networked institutions perform the functions of a world government—legislation, administration, and adjudication—without the form.

These globe-spanning networks will strengthen the state as the primary player in the international system. The state's defining attribute has traditionally been sovereignty, conceived as absolute power in domestic affairs and autonomy in relations with other states. But as Abram and Antonia Chayes observe in *The New Sovereignty* (1995), sovereignty is actually "status—the vindication of the state's existence in the international system." More importantly, they demonstrate that in contemporary international relations, sovereignty has been redefined to mean "membership . . . in the regimes that make

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up the substance of international life." Disaggregating the state permits the disaggregation of sovereignty as well, ensuring that specific state institutions derive strength and status from participation in a transgovernmental order.

Transgovernmental networks will increasingly provide an important anchor for international organizations and nonstate actors alike. U.N. officials have already learned a lesson about the limits of supranational authority; mandated cuts in the international bureaucracy will further tip the balance of power toward national regulators. The next generation of international institutions is also likely to look more like the Basle Committee, or, more formally, the Organization of Economic Cooperation and Development, dedicated to providing a forum for transnational problem-solving and the harmonization of national law. The disaggregation of the state creates opportunities for domestic institutions, particularly courts, to make common cause with their supranational counterparts against their fellow branches of government. Nonstate actors will lobby and litigate wherever they think they will have the most effect. Many already realize that corporate self-regulation and states' promises to comply with vague international agreements are no substitute for national law.

Globe-spanning networks will strengthen the state in the international system.

The spread of transgovernmental networks will depend more on political and professional convergence than on civilizational boundaries. Trust and awareness of a common enterprise are more vulnerable to differing political ideologies and corruption than to cultural differences. Government networks transcend the traditional divide between high and low politics. National militaries, for instance, network as extensively as central bankers with their counterparts in friendly states. Judicial and regulatory networks can help achieve gradual political convergence, but are unlikely to be of much help in the face of a serious economic or military threat. If the coming conflict with China is indeed coming, transgovernmentalism will not stop it.

The strength of transgovernmental networks and of transgovernmentalism as a world order ideal will ultimately depend on their accountability to the world's peoples. To many, the prospect of

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transnational government by judges and bureaucrats looks more like technocracy than democracy. Critics contend that government institutions engaged in policy coordination with their foreign counterparts will be barely visible, much less accountable, to voters still largely tied to national territory.

Citizens of liberal democracies will not accept any form of international regulation they cannot control. But checking unelected officials is a familiar problem in domestic politics. As national legislators become increasingly aware of transgovernmental networks, they will expand their oversight capacities and develop networks of their own. Transnational NGO networks will develop a similar monitoring capacity. It will be harder to monitor themselves.

Transgovernmentalism offers answers to the most important challenges facing advanced industrial countries: loss of regulatory power with economic globalization, perceptions of a "democratic deficit" as international institutions step in to fill the regulatory gap, and the difficulties of engaging nondemocratic states. Moreover, it provides a powerful alternative to a liberal internationalism that has reached its limits and to a new medievalism that, like the old Marxism, sees the state slowly fading away. The new medievalists are right to emphasize the dawn of a new era, in which information technology will transform the globe. But government networks are government for the information age. They offer the world a blueprint for the international architecture of the 21st century.

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Diplomacy Without Diplomats?

George F. Kennan

Democracy will always have ambassadors and ministers;
the question is whether it will have diplomats.

JULES CAMBON, FORMER FRENCH DIPLOMAT, 1925

IF THE standards set out by the founders of the Foreign Service of the United States had been consistently applied over the many years required for the shaping of a real career corps, America would long since have had a service equal or superior to any in the world. But the hopes for a strictly nonpolitical and scrupulously selective service were not destined to be vindicated. The political and bureaucratic establishments in Washington cannot tolerate for long any body of public servants established on a conceptual basis so different from their own and demanding such independence of administration. But in the era that is already upon us of rapidly decentralizing government and broadly diffused authority, perhaps the foreign service of today, lacking the rigidities of earlier visions, is as well suited as any arrangement to find new ways of interacting with the world.

GEORGE F. KENNAN was a career officer in the U.S. Foreign Service from 1926 to 1953, retiring as Ambassador to the Soviet Union. He has been Professor, then Professor, Emeritus, at the Institute for Advanced Study.

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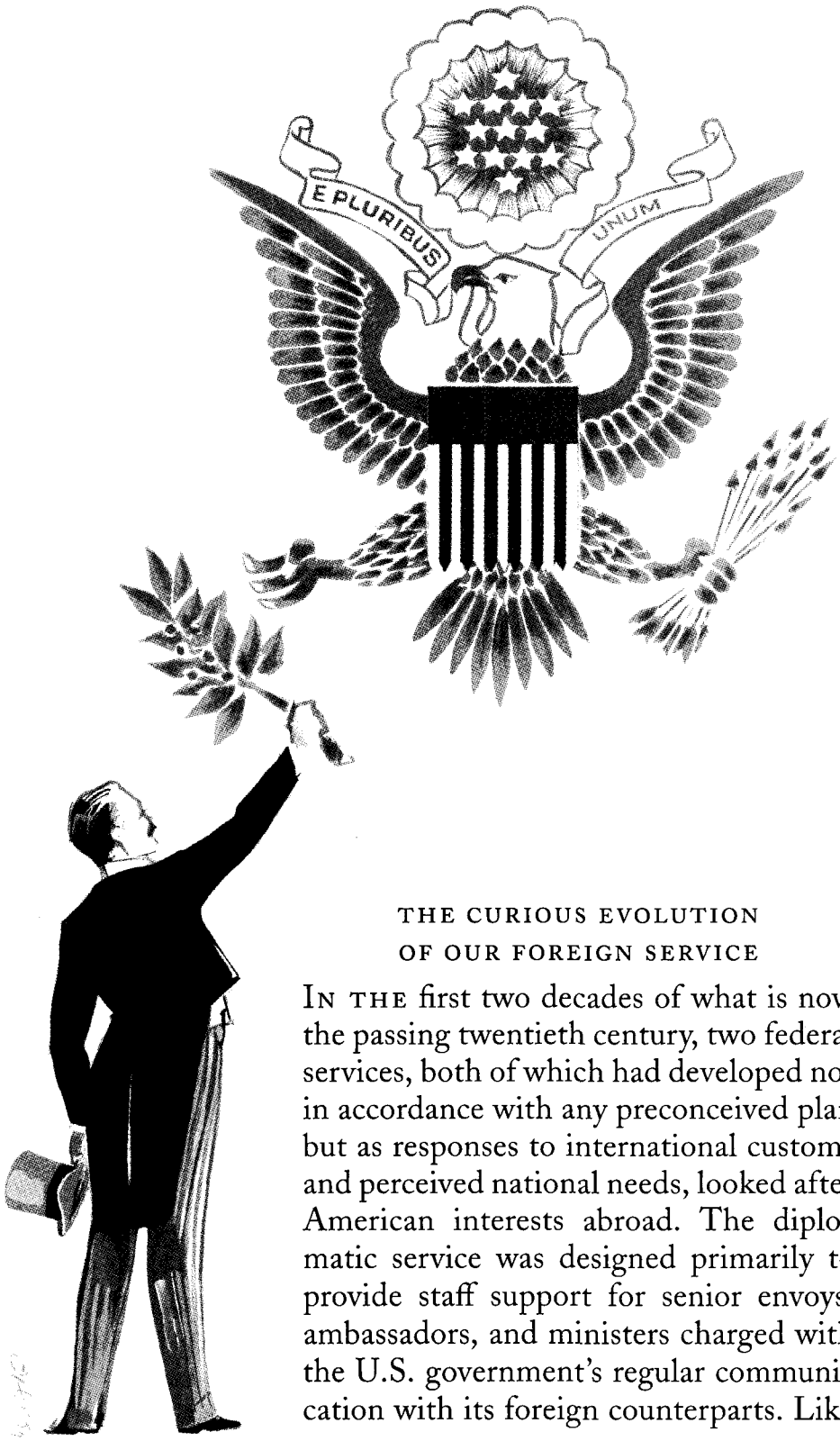

THE CURIOUS EVOLUTION OF OUR FOREIGN SERVICE

In the first two decades of what is now the passing twentieth century, two federal services, both of which had developed not in accordance with any preconceived plan but as responses to international customs and perceived national needs, looked after American interests abroad. The diplomatic service was designed primarily to provide staff support for senior envoys, ambassadors, and ministers charged with the U.S. government's regular communication with its foreign counterparts. Like

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the envoys under whom they served, the diplomatic staff were accredited to the central government of the foreign country in question and resided in that country's capital. The other service was the consular one. Consular officials and their professional staff, far more numerous than the diplomatic one, were stationed in major ports and other commercial centers abroad, and their accreditation was to the local authorities. Their tasks consisted mainly of providing passport and visa services and protecting the interests of private American citizens living, traveling, or doing business in that region. The two services, diplomatic and consular, were poorly related to each other, and there was no proper uniformity in Washington's treatment of their personnel.

It is hard to think of any standards finer than those of the foreign service.

To handle new demands for foreign representation abroad after the First World War, Congress in 1924 approved the Rogers Act, which amalgamated the two services into a single Foreign Service of the United States. Officers in the two older services were to be integrated into the new one at comparable rank, but new candidates would enter only at the bottom, and only after passing exhaustive and impartially administered written and oral examinations. Both recruitment for and governance of the new service were to be nonpolitical in the strictest sense. To this end, the service was to be largely self-administered. Those charged with running it would be senior career officials of the service itself or the State Department, well acquainted with the tasks the service would have to perform and devoid of any strong domestic political commitments; ultimate authority was to rest with the secretary of state. The members of the new service, in other words, were to be held to many of the same standards of honor, discipline, and dedication as commissioned officers of the armed forces, and their nonpolitical status, it was assumed, would be entitled to equal respect on the part of government and public. Anything else would have placed the service at the mercy of the political spoils system, and all possibility of basing appointments on merit and achievement would have been lost from the start.

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These were fine standards. It is hard to think of any better. In its first few years, the new service was administered largely by the public-spirited men who had designed it—among them Joseph C. Grew, Wilbur Carr, and Charles Evans Hughes—and within a short time it was well on the way to producing the results they had in mind. The writer of these lines was a member of the second class of officers admitted under the Rogers Act, and he has vivid memories of that period of high aims and hopes. It remains his conviction, based on many years of firsthand experience, that such a service, properly cultivated, would have come to constitute a significant and irreplaceable component of the national security structure.

Washington cannot tolerate for long any independent body of public servants.

The founders hoped that the service would become an accepted feature of the federal government and retain indefinitely the qualities they had envisioned for it. But we know today that such an expectation was unrealistic. To endure, a professional service so out of accord with the ingrained habits and assumptions of other government employment would require extensive understanding and acceptance by the public, the press, and a fairly long succession of presidents and Congresses. Only a broad informational campaign could have built and maintained backing for it until it gained the support of habit and tradition. Yet no such effort was undertaken. So it was not long before the new service came under the control of people in both the executive and legislative branches who had little knowledge of what it was intended to be, or indeed of the need for anything of the sort in the government. And that state of affairs has lasted to the present day.

In its first 25 years, one by one the principles on which the foreign service was founded were cheerfully ignored, abused, or violated by higher authority. Among the first to fall by the wayside was entrance only at the bottom and by examination. In the early 1930s President Hoover insisted on incorporating into the service, at higher ranks, a small group of business experts whom he had recruited while secretary of commerce; this incursion was later

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withdrawn, but a precedent had been established for much more far-reaching interference. During the Great Depression, regular admissions to the service were suspended for several years, interrupting the normal rhythm of recruitment and advancement and leaving the corps seriously unprepared to meet the demands soon to be imposed by war. At the same time, a new form of administration largely under political control gradually replaced limited self-administration. Congress passed legislation sealing this change in 1946.

By 1950, the foreign service hardly resembled the corps its authors had intended.

During the Second World War, the State Department, while privately assuring foreign service officers that the greatest contribution they could make would be to continue serving at their overstrained foreign posts, failed to protect them from the military draft. Entry to the foreign service was suspended for the duration, leaving it even more seriously understaffed at war's end than before. Hostilities over, the government then unceremoniously unloaded into the foreign service's ranks hundreds of people who had been hastily recruited for various forms of nonmilitary wartime duty but for whom no other convenient place could now be found.

By 1950 the foreign service bore little resemblance to the corps its authors had intended. In subsequent decades the handling of the service has seemed to reflect a persistent effort on the part of those in Washington able to influence its destiny to do away with its identity as a separate body of public servants, merging it to the extent possible with the domestic civil service and the competing activities of other arms of government.

The effects of this treatment on the quality of the foreign service have never been carefully examined. It is doubtful that they ever will or could be. Suffice it to say that they have hardly all been positive. On the quantitative side, the service, which in 1945 had some 770 members, by the mid-1990s numbered nearly 10,000—some 8,000 of whom have survived the changes demanded by the present Republican Congress.

Any thinking about future arrangements for the professional representation of the United States abroad must take into account the

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entrenched political control of the foreign service. Failing that, new arrangements would be doomed to a short and ineffectual life.

A DIFFICULT CAREER

IN ADDITION to the impairment of the identity of the service, a number of factors have conspired to reduce its attractiveness as the lifetime career it was originally meant to be. The first is the practice, liberally indulged in by presidents since the founding of the republic, of filling a large percentage of ambassadorial slots with their personal appointees, selected for qualities not necessarily connected with any professional preparedness, or sometimes even fitness, for the position. That practice, blocking off as it does a considerable number of top posts that would normally have crowned a distinguished foreign service career, has served as a species of semi-decapitation of the service.

Where the politically selected candidate otherwise suited for the job is also close to the president and enjoys the latter's personal confidence, it adds importantly to his or her ability to fill the ambassadorial role. A number of noncareer people of high distinction and competence, well qualified for the work the office implies, have been appointed to ambassadorships. But there have been many others to whom these qualifications could not plausibly have been attributed. The negative consequences for the service's effectiveness and the morale of its career officers are obvious.

Another factor diminishing the allure of the foreign service as a lifetime or even long-term career relates to the frequent transfers that are an integral part of the job. It was difficult enough to reconcile family obligations, including the rearing and education of children, with a foreign service career in the days when the service was overwhelmingly male. Wives were not expected to have professional aspirations of their own, but to follow their husbands to each successive assignment (and even assist them in their work there). Today, with the great increase in two-career families, the frequent changes of residence that have always marked a foreign service life discourage both women and men from entering or staying with the service.

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FRAGMENTED DIPLOMACY

CERTAIN BROADER conditions must also be borne in mind when one considers the future of foreign service work. Among the most significant has been the extreme fragmentation of American policy-making and diplomacy in recent years.

Effective diplomacy in the traditional European sense, up through the French Revolution and even later, rested on the assumption that the diplomat, in speaking to the government to which he was accredited, was speaking for the supreme source of power in his own country and would be backed up by its authority in anything he undertook to say in its name. This in turn rested on the assumption that some single coherent and responsible center of power—a crowned head, a president, or an all-powerful prime minister—in the diplomat's own country was in a position to compel the country's other authorities to play their part in meeting any commitments made through the diplomatic process. This principle, known in German-speaking countries as *das Primat der Aussenpolitik* (the precedence of foreign policy), was seen by monarchs and prime ministers of earlier ages as a sine qua non of successful diplomacy.

Application of this principle to a democratic society would always present difficulties, since it is plainly incompatible with the diffusion of authority that democratic rule usually requires. The incompatibility was bound to be particularly acute for the United States, where the diffusion of political power is extensive even in comparison with other democracies. For example, because of the constitutional requirement that treaties be ratified by the Senate, the chief executive has never been able to negotiate the text of a treaty without confessing that the other party could not rely on the wording unless and until it had passed muster in the Senate.

As the American political system matured and the powers of individual states, courts, and even municipal and local authorities gained acceptance, it gradually became clear that the federal government could not often speak for the country as a whole without consultation, and sometimes even negotiation, not only with Congress but with a host of other authorities or players. Entities with which accommodations had to be reached even came to include some pri-

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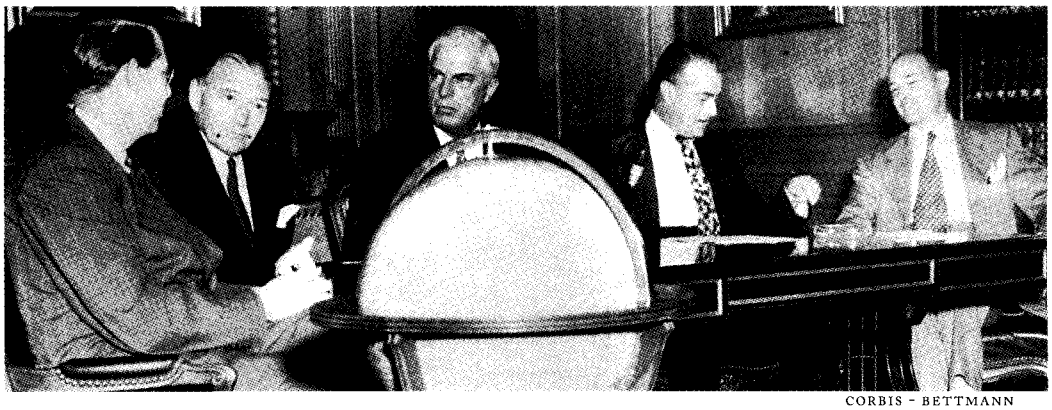

CORBIS - BETTMANN

The author (far right) during his years in the Foreign Service at a meeting in Paris to plan U.S. aid to Europe, August 1947. Seated third from right is William Clayton, Undersecretary of State for Economic Affairs

vate enterprises. The extreme diffusion of authority at home was bound to place limitations on the representation of America's interests by its ambassadors and other envoys abroad.

Furthermore, in theory, all desiderata of foreign governments affecting the interests of one or more domestic authorities were supposed to be channeled through the Department of State. But it has gradually been borne in upon everyone familiar with the foreign affairs process that of all the government departments and agencies in Washington, the State Department has the least developed domestic political constituency—a situation that leaves it largely helpless in its relations with the rest of the official community. And such support as may exist here and there for the foreign service (always seen as unashamedly elitist) is even weaker than that for the State Department.

This situation has been compounded by the tendency in recent years of the White House to concentrate in its immediate military and security entourage, including the office of national security adviser, the power of action in a number of major aspects of foreign policy—particularly those involving political-military relations with other great powers and international organizations—that in earlier ages would normally have involved, in the first instance, the Department of State. It has been here, in these major matters, that American diplomacy has perhaps come closest to earlier models in which the power to speak for a country was associated with the power to act for it.

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But this centralization of authority for a narrow range of diplomatic problems has had the effect of decentralizing authority for the remainder of the great spectrum of America's dealings with the outside world. Not only has the State Department been largely deprived of its traditional role as the spokesman for and coordinator of foreign policy, but hundreds of other areas of international relations have been abandoned to the desires and whims of the numerous forces on the Washington scene. These forces include, beyond the other departments and agencies of the federal government, the various congressional committees, with their huge staffs, and the swarms of special interests that fasten on the latter like bees on a flower. It is in this turgid sea of constantly changing parochial and competing domestic interests that the foreign envoy in Washington now has to search for responses to her or his efforts to treat with the U.S. government subjects of interest to both parties.

This state of affairs invites—and in some instances compels—the foreign ambassador and ambassadorial staff stationed in Washington to take their problems directly to other departments and agencies, bypassing the State Department entirely. It also encourages those American departments and agencies to set up offices in foreign capitals to advance their own narrow interests—a possibility of which they seem only too happy to take advantage. Endowed as they are with superior clout in Washington, they have even successfully demanded that room be found for such offices in the official ambassadorial premises abroad and that their personnel share fully in the privileges and immunities that the host government traditionally extended to regular accredited diplomatic staff. As a result, regular State Department personnel in U.S. diplomatic missions abroad now account for only some 30 percent of the total official presence at these missions; the remaining 70 percent come from other agencies.

THE NATIONAL INTEREST

WHAT ALL this means in practice can perhaps best be understood by a glance at an American embassy in a major foreign capital.

Heading the diplomatic mission is always the chief of mission, normally the ambassador or, in his absence, the chargé d'affaires.

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The principal concern that the ambassador, as the personal representative of the president, must have at heart is of course the promotion of the national interest of the United States. But what constitutes the national interest varies with time and circumstance. Essentially, considering the president's preeminence in policymaking, it is what the present occupant of the Oval Office thinks it is and can gain acceptance for among the public and the government establishment. But that there is such a thing as the national interest, and that it should lie at the heart of national policies and discussions, cannot be denied. And it is the ambassador at a foreign capital who stands as its leading protagonist, protector, and promoter in the country where he serves.

The foundation of American diplomacy is the relationships our ambassadors cultivate.

The ambassador's immediate duty, however, is largely confined to the bilateral relationship between the U.S. government and the country in question. He nurtures and influences that relationship in the service of both the American national interest and world peace.

This writer has the impression that there has recently been a tendency at higher levels in Washington to underrate the importance of the bilateral relationship fostered by the ambassador, as compared to other means of international interaction. Many international questions today are addressed in multilateral forums of one sort or another. To such multilateral deliberations the president or his entourage often sends representatives, persons without a diplomatic background and not always reporting to, or through, the State Department. It is at such gatherings, it will be argued, that the United States now has most of its dealings with any particular government, rather than through the resident ambassador in that country.

That is all very well, but it must be remembered that the foreign envoy at an international conference of this nature is speaking and acting under the discipline of a government's instructions, and if one wants to understand his statements, one must know something of the nature and the motivations of that government. The envoy in question, however, is often not fully familiar with that back-

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ground, and the American envoy at the conference is apt to be even less so. Nor is the American negotiator always cognizant of the wider spectrum of American national interests and policies into which her or his activities should be fitted. The ambassador at the capital of the respective country, on the other hand, has no excuse for not being aware of precisely those interests and policies. Thus, while the immediate arena of the ambassador's responsibility may be limited, the bilateral relationship he or she cultivates should not be underrated. It is in many ways the foundation of American diplomacy.

The foreign service, 8,000 strong, is very large, and in human terms, it is a mixed bag.

Beyond the regular ambassador in any foreign country is the embassy staff. Here the changes since the Second World War have been staggering. Originally the staff was a small group, normally consisting only of the deputy chief of mission, a career officer; three or four diplomatic secretaries also drawn from the foreign service; and, in a more distant way, any attachés from the armed forces currently attached to the post. But today, each of the major embassies has hundreds of staff members. "Inside a U.S. Embassy," a 1996 American Foreign Service Association publication, in describing the staff of a major embassy lists in addition to the deputy chief of mission 11 staff sections, each with a titled chief: a political counselor; an economic counselor; officers for consular and administrative affairs; others for environment, science and technology, and public and cultural affairs; a refugee coordinator; a security officer; an information systems specialist; a labor and an agriculture officer; a director for aid matters; and a functionary bearing the title of foreign service secretary who seems to have some responsibility for coordination of the others.

These heads of section, collectively known as the country team, theoretically report directly to the ambassador or the deputy chief of mission. Some, however, seem to operate directly or indirectly under the authority of Washington bosses, some in the State Department, some elsewhere. Such is the number of these officials, in any case, that only a portion of them could expect to have regular access to the chief of mission or to operate under his immediate guidance and authority.

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As one might surmise, their relation to the traditional concerns central to the ambassador—the cultivation of the bilateral relationship and the promotion of the national interest—varies greatly. And the situation of their underlings is similar.

A HUMAN SERVICE

WITH ALL THIS in mind, let us return to the foreign service as a whole. First of all, and particularly considering the purposes it was created to serve, it has become a very numerous body indeed. Some of the growth from less than 800 to nearly 8,000 members may safely be attributed to sheer bureaucratic inflation. In addition, there has been a great increase recently in the number of entities enjoying the formal status of fully independent and sovereign states and thus seeming to demand the full panoply of personnel without which the U.S. government cannot conceive of maintaining diplomatic relations. The growth of the service is also partly due to the more recent incorporation into its ranks of almost all of what were once its supporting and technical personnel. Yet even allowing for all this, it is still a very large body.

Second, the service is, in the human sense, a very mixed bag. It is the product of no single set of standards or motivations. It contains some fine officers surviving from earlier stages of the service's development, and a no smaller number of impressively able people who joined in later years. But it also, and of necessity, includes many others from whom such exceptional qualities could not normally be expected.

The service maintains that almost all its personnel have at one time or another been exposed to the rigors of some sort of examination, and that the great majority of them entered at, or somewhere near, the bottom of the scale. How this was contrived in the cases of those who transferred at mid-career from other official hierarchies or who had risen in professions outside government before their admission to the foreign service is not readily apparent. But there is no reason to doubt that serious efforts have been put forward to meet the standards of early entrance and some sort of personal examination. The great majority of current members of the foreign service

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are honorable and faithful public servants doing their best in the jobs with which they have been entrusted. They cannot be blamed if the official framework in which their efforts are exerted suffers from distortions or absurdities of organization. They deserve all that can be given them in the way of job security for work well performed.

Such, then, in a few words, is the foreign service as we know it today. And for all its distance from the original dream, there is much to be said for it. For one thing, it exists; it is there; it is now anchored in habit and usage. Beyond this, it must be asked whether the service could, in light of the prevailing circumstances, be expected to be much other than it is. Consider the external forces that bear on it. There is, first, the perennial resistance of the Washington bureaucracy to the creation or operation of any civilian government institution not fully amenable to its influence, and its jealousy of rivals that might share in its privileges and prestige abroad. Then there is the widespread ignorance, throughout the government and beyond, of the traditional institutions of diplomacy, along with a sweeping unawareness of even the reasons why a professional diplomatic and consular apparatus for representation of the U.S. government abroad should exist at all. These deficiencies of knowledge and understanding affect the press and other media no less than they do wide circles of the government.

Americans continue to believe, wrongly, that most diplomats are effete, monied snobs.

Finally, there are the strong egalitarian tendencies in contemporary American society, tendencies that prefer a relatively low level of uniformity—if necessary, even mediocrity—to any hierarchical differentiation that suggests one person might be better than another for any particular government job. And on top of this, Americans persist in the notion that the diplomatic service is dominated by effete snobs from monied and socially distinguished backgrounds, serving in places where there ought to be only "real Americans" attached exclusively to popular standards and scorning diplomatic niceties and conventions. (There was little truth in the notion when I entered the service some 70 years ago. There is none at all today. But it will be long before many Americans can be weaned of their belief in it.)

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How, we may ask, could a professional service subject to these pressures be much other than what we know it now to be? If the United States had no foreign service at all, and if the effort were made to create one from scratch, bearing in mind the power of these influences, could anyone realistically design one radically different and expect it to live and thrive? The present service is, for the task at hand, just about the best that the American civilization of our day is capable of providing.

ENVOYS TO THE FUTURE

So the United States will do well to make the best of the foreign service it has. But there is one other consideration, which might prove to be the most important. The domestic conditions affecting the foreign service may be relatively static, but the international ones are not. Witness the unpredictable but surely not negligible effects on the diplomatic process of computer technology and the worldwide revolution in communication. Changes are now under way that make it extremely difficult to predict the future of diplomacy or prescribe its conduct.

Such have been the oddities of international organization that a formidable number of political entities (a majority, probably, in the United Nations) have in recent decades been cast onto the surface of international life under the somewhat misleading designation of sovereign and independent states. Their resources, human and otherwise, are inadequate to the demands of their new status. New modes of interaction with the international community, ones more in keeping with the realities of their situation, will have to be found for them.

Conversely, the world's major powers, especially the United States, are finding the strains of governing far-flung territories from a single center, including interaction with other governments, increasingly hard to bear. In the United States, the coming apart of the institutional facilities for controlling such interaction is a function of the coming apart of the federal level of government generally. States and regions of the country, in fact, have already opened their own mini–foreign offices, which di-

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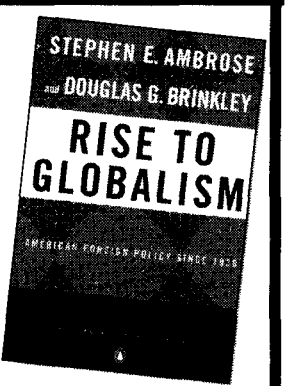
rectly conduct aspects of their relations with other countries, often bypassing Washington. As with the newer, less developed, and less experienced members of the United Nations, they too will require modes of international interaction at levels less than full sovereignty and independence.

These are some of the uncertainties making themselves felt on the international scene. They are challenging the calculations of recent decades, pro and con, about what institutional arrangements a great country ought to have for its diplomatic interaction with the rest of the world in the coming age. As the point of departure for adjustment to these uncertainties, perhaps the present foreign service, lacking the rigidities of earlier conceptions, will do as well as any.

"An excellent survey of U.S. foreign policy."—*Library Journal*

RISE TO GLOBALISM
AMERICAN FOREIGN POLICY SINCE 1938
STEPHEN E. AMBROSE AND DOUGLAS G. BRINKLEY



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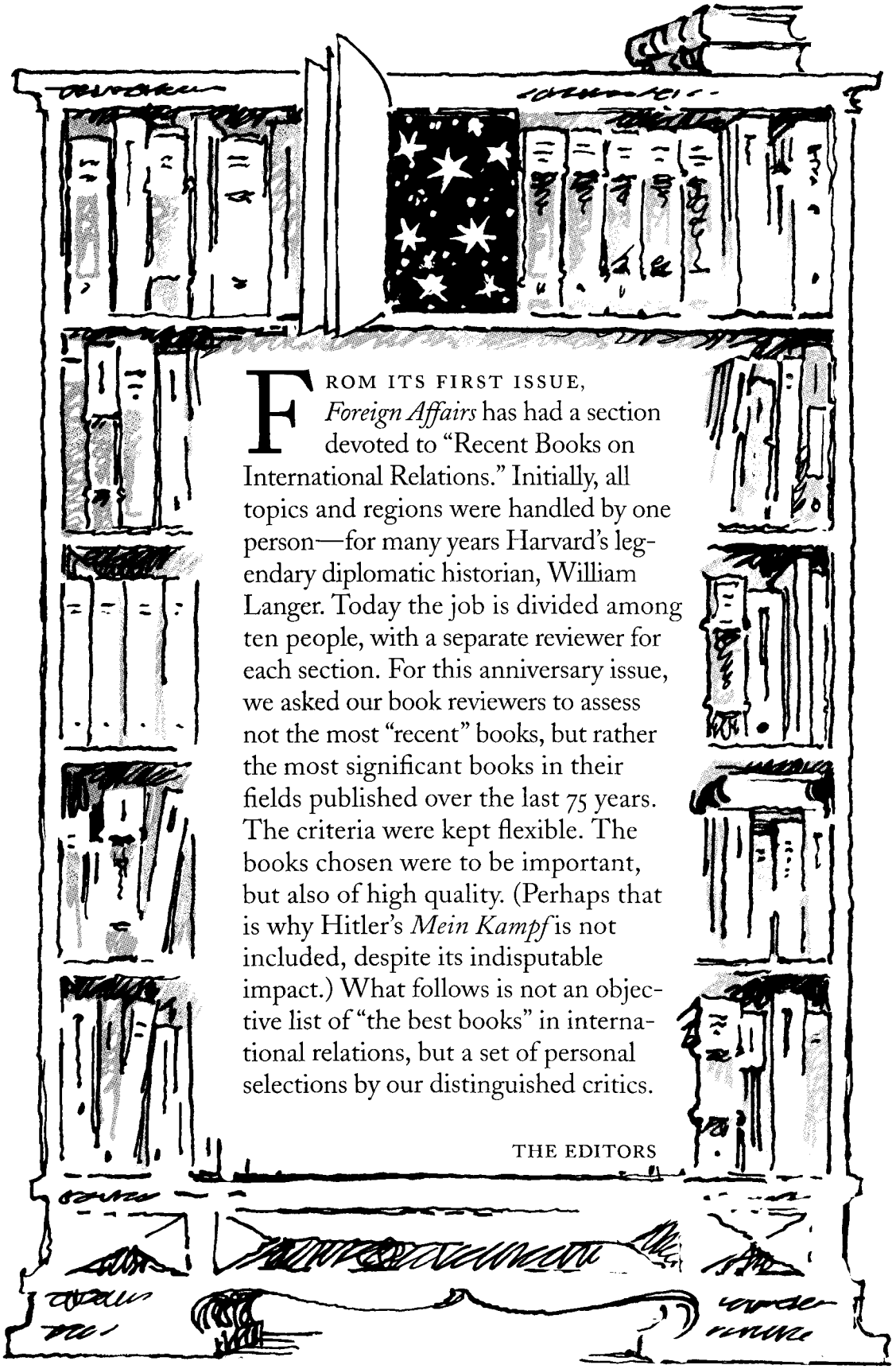

FROM ITS FIRST ISSUE, *Foreign Affairs* has had a section devoted to "Recent Books on International Relations." Initially, all topics and regions were handled by one person—for many years Harvard's legendary diplomatic historian, William Langer. Today the job is divided among ten people, with a separate reviewer for each section. For this anniversary issue, we asked our book reviewers to assess not the most "recent" books, but rather the most significant books in their fields published over the last 75 years. The criteria were kept flexible. The books chosen were to be important, but also of high quality. (Perhaps that is why Hitler's *Mein Kampf* is not included, despite its indisputable impact.) What follows is not an objective list of "the best books" in international relations, but a set of personal selections by our distinguished critics.

THE EDITORS

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Significant Books of the Last 75 Years

Political and Legal

FRANCIS FUKUYAMA

Nineteen Eighty-Four, a Novel. BY GEORGE ORWELL. New York: Harcourt, Brace, 1949, 314 pp.

From its publication after the war, *Nineteen Eighty-Four* conjured up a political nightmare so vivid that it succeeded in introducing new words like "doublethink," "Big Brother," and "thought police" into the general English vocabulary. This dark work of political science fiction combined fears of technology with fears of totalitarian power. Orwell, the pseudonym of Eric Blair, imagined a world in which a "telescreen" in every home linked the citizens of Oceania to a brooding Ministry of Truth, where the latter could monitor their every thought and action, and rouse them to heights of war frenzy against the denizens of Eastasia and Eurasia. And yet, as Peter Huber has pointed out in his parody *Orwell's Revenge* (1994), the "telescreen" as described by Orwell is, technically speaking, nothing other than the networked personal computer. The wiring together of a significant part of the planet proved to be a process that could not be controlled by centralized authoritarian states. Indeed, it turned out that the spread of inexpensive electronic technology tended to disperse rather than concentrate power, and that that technology could best be developed in societies that permitted their citizens the freedom to think, own property, and communicate with one another as they wished.

Capitalism, Socialism and Democracy. BY JOSEPH A. SCHUMPETER. New York: Harper Brothers, 1950, 431 pp.

Schumpeter's work stands as one of the most brilliantly wrong-headed books of the century in its central prediction that socialism would ultimately replace capitalism because of the latter's insuperable cultural contradictions. Writing in 1943, Schumpeter argued that there was no inherent reason why central planning should work less well than free markets in the production of technological innovation, a point not as glaringly off the mark then as now. The central problem with capitalism, however, was not economic but cultural: it would produce a privileged class of people who would reject the sources of their own wealth and seek a socialist order. In this he seemed quite right for many years as intellectuals and artists in the West struggled against the very system that made their discourse

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possible. Things began to look rather different after the Reagan and Thatcher revolutions in the 1980s and the subsequent collapse of communism. Schumpeter's book contains what is probably the most realistic, albeit minimalist, definition of democracy as a competition among elites for the allegiance of the people.

The Second World War. BY WINSTON S. CHURCHILL. Boston: Houghton Mifflin, 1948-54, 6 vols., 4,987 pp.

Although it produced many more casualties than the First World War, World War II retained a moral meaning as a titanic struggle of good against evil. And in that struggle, no figure was grander or more heroic than Churchill. His personal account of the interwar years, when he braved ridicule and isolation for standing up to the conciliatory consensus seeking to appease Germany, makes edifying reading for any contemporary politician who is tempted to look first to opinion polls for guidance on serious matters of foreign policy. Like other great memoir writers, Churchill has a fine eye for details of character among the giants (and numerous dwarves) with whom he dealt.

Moral Man and Immoral Society: A Study in Ethics and Politics. BY REINHOLD NIEBUHR. New York: Charles Scribner's Sons, 1932, 284 pp.

Christianity is, at first glance, not a religion optimally suited to guide foreign policy. With its doctrines of universal love, humility, and turning the other cheek, Christian thinkers since at least Augustine have struggled to reconcile their moral vision with the reality of international life. In this book and others like *The Children of Light and the Children of Darkness* (1944), Niebuhr played an invaluable role during the tumultuous 1930s and 1940s by bringing Christians to terms with participation in the Second World War and later the Cold War. The Christian doctrine of sinfulness and the Fall meant, according to Niebuhr, the ever-present possibility of evil, which was all too evident in spreading fascist and communist doctrines. Moral action did not imply passivity in the face of sin, nor were leaders of communities bound by the same moral constraints as individuals. Though now primarily remembered for its tough-mindedness, Niebuhr's book bears rereading to remind us that a realistic morality is not the same thing as amoral realism, that power, even in the service of justice, must recognize its own limitations, and that democracies were capable of their own kind of hubris.

Political Order in Changing Societies. BY SAMUEL P. HUNTINGTON. New Haven: Yale University Press, 1968, 488 pp.

Huntington's foundational work on political development was controversial when it first appeared, in the midst of the Vietnam War, because it argued that order itself was an important goal of developing societies, independent of the question of whether that order was democratic, authoritarian, socialist, or free-market. Thirty years later, the need for order is as acute as ever, and the means of achieving it elusive. This is particularly true for the formerly communist world, where excessively rigid political order has produced popula-

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tions that simultaneously despise and crave a strong hand and have, since the fall of the Berlin Wall, descended into deep disorder. Huntington's characterization of the Soviet Union and other communist states as highly developed polities looks odd in retrospect, since their surface institutional calm masked a high degree of internal rot and illegitimacy. The book, nonetheless, has shaped the understanding of a generation of students on the nature of party systems and contains a classic chapter on America as a Tudor society.

A World Restored: Europe after Napoleon. BY HENRY A. KISSINGER. New York: Grosset and Dunlap, 1964, 354 pp.

Alongside Hans Morgenthau's *Politics among Nations* (1948), the classic statement of political realism. Although ostensibly a work about European history, Kissinger lays out the general principles of the balance-of-power diplomacy that would characterize his own policies as national security adviser and secretary of state. Academic realists, most prominently Kenneth Waltz, later sought to boil international politics down to an abstract, highly reductionist model. Kissinger never suffered from this kind of physics-envy; he (and Morgenthau) were always conscious of the fact that foreign policy was made by statesmen who operated in a specific historical, cultural, and political context that shaped their goals and limited their options. Kissinger's depictions of Metternich, Castlereagh, and Talleyrand reflect that consciousness and an attuned sensitivity to the nuances of character. This book lucidly argued his case that international peace was best guaranteed not through law or international organizations but through a distribution of power that moderated the ambitions of the strong. The book's greatest failing was its inability to appreciate the fact that history for the past two centuries has been on the side of the idealist Alexander I and not the amoral calculator Metternich.

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Economic, Social, and Environmental

RICHARD N. COOPER

The General Theory of Employment, Money, and Interest. BY JOHN MAYNARD KEYNES. London: Macmillan, 1936, 403 pp.

Without a doubt, Keynes' *General Theory* has been the most significant book on economics in the past 75 years. Born of the 1930s Great Depression, it revolutionized both thinking within the economics profession and attitudes toward public policy, notably the possibility for the government, through budgetary policy, to stabilize the national economy and above all to prevent a repetition of the Depression. It in effect created the subfield of macroeconomics.

Curiously, the *General Theory* as cast assumed a closed economy; it was left to others to adapt the theory to the more realistic case of economies open to foreign trade and movements of capital. But Keynes himself was highly sensitive to the international environment. He first became widely known for his *Economic Consequences of the Peace* (1920), a trenchant criticism of the Treaty of Versailles, which reached the highly charged conclusion (later challenged by others) that the economic burden on Germany of proposed reparations was impossibly high, and if vigorously pursued would ensure economic privation and social upheaval and even prevent lasting peace in Europe.

Social Insurance and Allied Services. BY WILLIAM BEVERIDGE. London: Her Majesty's Stationery Office, 1942, 299 pp.

Despite many precursors, the modern formulation of the welfare state can be attributed to the Beveridge Report. It was commissioned in 1941 by the wartime Grand Coalition of Conservatives and Labour under Winston Churchill and charged with examining the British system of welfare and economic support and making recommendations for changes after the war. Sir William Beveridge, former director of the London School of Economics, sought to abolish want in Britain by establishing a national minimum level of income ($8 a week for a childless couple, 57 percent of the then-prevailing average wage, plus an additional allowance for each child) for everyone, regardless of circumstances. A centrally administered national system of universal social insurance, comprehensive both in coverage and scope, would cover the unemployed, disabled, widows, and pensioners, with flat-rate contributions, flat-rate benefits, and no means test. Health care was to be provided to everyone at moderate charge through a National Health Service. Financing was to be based mainly on employer and employee contributions, with relatively modest help from the national exchequer. A modified version of Beveridge's recommendations was adopted in Britain after 1945, and it set the framework of debate and often the pattern of adoption in many other countries, especially in Europe.

The Road to Serfdom. BY FRIEDRICH A. VON HAYEK. Chicago: University of Chicago Press, 1944, 274 pp.

The Road to Serfdom is an intellectual attack on socialism. Hayek's main message was that central planning and public ownership would lead slowly but inevitably to totalitarianism. Written in the midst of a titanic

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struggle against Nazi Germany and Fascist Italy, the book offended many because it suggested that the intellectual influences in Germany were also present in Britain and the United States, and if unchecked would lead to totalitarian societies in those countries as well. The tract was part of an ongoing debate in Britain on postwar arrangements for organizing the economy and society and was received as such there, leading to alterations in the program of the Labour government of 1945.

It had a more dramatic impact in the United States, where some American liberals charged Hayek with being hopelessly reactionary, while some conservatives embraced him as a kindred spirit and intellectual champion. In fact he was neither. As he explained in an annex to *The Constitution of Liberty* (1960), which set out his arguments more thoroughly, systematically, and at greater distance from the highly charged atmosphere of 1944, he does not consider himself a conservative but rather a liberal in the tradition of John Stuart Mill and other European liberals.

Economics: An Introductory Analysis. BY PAUL A. SAMUELSON. New York: McGraw-Hill, 1948, 622 pp.

Samuelson's *Economics* has probably been the most influential textbook in the field, certainly since Alfred Marshall's *Principles of Economics* (1890). In 1947 Samuelson published *Foundations of Economic Analysis,* which drastically redirected the advanced study of economics toward greater and more productive use of mathematics, both to integrate seemingly diverse branches of economics into a few core concepts and to sort out key differences underlying seemingly divergent propositions. As if to compensate for this abstract work, Samuelson in 1948 published a comprehensive, clearly written introductory text. Now in its 15th edition, it has sold upwards of 4 million new copies, and many times that on the used book market; it has been translated into more than 30 languages, some of them in pirated editions. Since economics is one of the most commonly taught courses in American colleges, few texts have been studied by so many. Samuelson was also influenced, but not dominated, by the Keynesian revolution of the 1930s, incorporating the relatively new subject of macroeconomics, with its implications for the role of government in stabilizing the economy.

Silent Spring. BY RACHEL CARSON. Boston: Houghton Mifflin, 1962, 368 pp.

A former marine biologist with the U.S. Fish and Wildlife Service, Carson drew attention to the unintended and often disastrous consequences of the mass use of insecticides, such as the death of species (especially birds) higher in the food chain through loss of food, concentration of toxic chemicals, the emergence of resistant strains of insects, and, paradoxically, increased devastation of some crops as natural insect predators turned out to be more vulnerable than the targeted pests. *Silent Spring* sold over a half million copies and crystallized the environmental movement in the United States, which has since become global. It led directly to the U.S. ban on domestic use of DDT in 1972 and of other chemical insecticides. More generally, it explained, in comprehensible and occasionally poetic prose, the complex dynamics of ecological systems, and the fact that heavy human or other external pressure at any one point can have

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ramifications throughout the system. In addition, few other informed scientists had the courage to state the dangers and limitations of insecticides. Much of the scientific work on insect control in the 1940s and 1950s had been undertaken by the U.S. Department of Agriculture, devoted to improving crop and livestock yields, and by the major chemical companies, devoted to selling insecticides.

CORBIS - BETTMANN

Military, Scientific, and Technological

ELIOT A. COHEN

On War. BY CARL VON CLAUSEWITZ. EDITED AND TRANSLATED BY MICHAEL HOWARD AND PETER PARET. Princeton: Princeton University Press, 1976, 711 pp.

This superb translation of and gloss on the work of an early nineteenth-century German soldier made Clausewitz readily accessible to a vast English-speaking audience who knew of him but rarely read him. It had a particularly powerful effect on the American military after Vietnam, and on American university campuses, where a generation of students of national security (by no means all of them American) wrestled with the meaning of such overused terms as "center of gravity," "friction," and "the fog of war." A philosophy of war rather than a set of prescriptive principles—the author rejects attempts to develop such principles root and branch—*On War*'s most important themes are the permeation of war by politics and the dominance of intangibles in determining the outcomes of conflict. Arguably the most profound nonfiction work on war ever written.

Selected Military Writings of Mao Tse-Tung. Beijing: Foreign Languages Press, 1967, 410 pp.

Just as Western armies perfected the arts of high-technology conventional warfare, they found themselves confronted by what one French paratrooper called "termite warfare"—prolonged guerrilla or insurrectionary war relying on dispersion, guerrilla ambushes, stealth, propaganda, and subversion. For decades heavily armed leviathans, including the British, French, American, Israeli, and Soviet armies, have been nibbled to death (or near it) by shoals of predatory minnows. These essays represent one important strand of the strategic thought behind such techniques, and are rooted in China's predicament at the hands of the Japanese in the 1930s and 1940s, as well as in a rich and deep strategic culture that goes back millennia. In fact, many of the ideas derive, quite clearly, from the writings of the fourth century B.C. Chinese military theorist Sun

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Tzu. The book is particularly worth examining, however, because of the author's shrewdness, and his influence on those of his own and succeeding generations who have engaged in guerrilla warfare.

Makers of Modern Strategy: Military Thought from Machiavelli to Hitler. EDITED BY EDWARD MEAD EARLE. Princeton: Princeton University Press, 1943, 547 pp.

This book, which marks the birth of modern strategic studies, was, appropriately enough, published during World War II. Although it draws on the work of many talented historians (and many of its chapters remain unsurpassed), when taken together the essays lead the reader to conceive of a discipline of strategy, distinct from history and political science, although deeply indebted to them. This was one of the first books in this century to treat the study of means and ends of military power as a scholarly, and not only a practical, subject. Of course, some of the essays here are dated (for example, one on Japanese naval strategy), and a subsequent version edited by Peter Paret in 1986 has since taken and held the field. Furthermore, the editor seems to have wavered in deciding whether his topic was military thought or military action. Nonetheless, a landmark work.

Analysis for Military Decisions. EDITED BY EDWARD S. QUADE. Chicago: Rand McNally, 1966, 382 pp.

The development of nuclear weapons, the rise of advanced military technology, and the prevalence of struggles only rarely punctuated by warfare has given birth to communities of civilian defense experts in all advanced countries. In most cases they rely, directly or indirectly, on the analytical techniques described herein, set down at RAND and rooted in the Anglo-American mobilization of scientific and analytical talent for two world wars. At the heart of this enterprise lay the attempt to measure with rigor and, wherever possible, numbers the effects of military operations and the effectiveness of military organizations. The authors of these essays—including Albert Wohlstetter, Thomas Schelling, C. J. Hitch, and Quade—were some of the pioneers in this work. Time has revealed the weaknesses and inadequacies of some of these approaches but has not diminished their hold on the minds of civilians and, now, many soldiers as well.

The Soldier and the State: The Theory and Politics of Civil-Military Relations. BY SAMUEL P. HUNTINGTON. Cambridge: Harvard University Press, 1957, 534 pp.

The Professional Soldier: A Social and Political Portrait. BY MORRIS JANOWITZ. Glencoe: Free Press, 1960, 468 pp.

These books lay out two divergent understandings of the military profession and its relation to civil society. For Huntington, the tension between soldier and statesman is rooted in the essence of professionalism. Offering a now-classic description of the military mind—conservative, realistic, and pessimistic about human nature—he prescribes "objective control" as the optimum form of civil-military relations. This form of civilian control achieves its objectives by maximizing the professionalism of the officer corps to include its autonomy within a clearly defined military sphere. Janowitz, the founder of American mili-

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tary sociology, takes a different tack, arguing that officership has undergone a fundamental transition to what he calls a "constabulary" model, that is to say, increasing resemblance to police forces, which organize and apply violence in tightly controlled and limited circumstances and retain close links with the society they protect. Two brilliant works that disagree but encompass the most penetrating assessment of the military profession in a turbulent age.

Marlborough: His Life and Times. BY WINSTON S. CHURCHILL. New York: Charles Scribner's Sons, 1933–38, 6 vols., 2,561 pp.

Nominally a work about an eighteenth-century soldier, this is in fact a sustained meditation on statecraft and war by the greatest war leader of our time. Churchill's reflections on the perplexities of alliances, the paradoxes of strategy, and the stresses of combat are timeless. Perhaps most striking is his insistence on the limits of human foresight and the intractability of coalition relationships—a feature of this work that attracted the warm admiration of one of the first contemporary students of management, Peter Drucker. His literary art is evident throughout; he also supervised closely the drawing of the set's numerous magnificent maps. Written during the 1930s, the six volumes reflect hard-bought wisdom distilled from experience and sustained research. Reading the work, it does not seem surprising that the author, a few years later, would lead Great Britain and, in some measure, the entire democratic world safely through the greatest storm of the century.

The United States

DAVID C. HENDRICKSON

U.S. Foreign Policy: Shield of the Republic. BY WALTER LIPPMANN. Boston: Little, Brown, 1943, 177 pp.

"Without the controlling principle," Lippmann wrote in 1943, "that the nation must maintain its objectives and its power in equilibrium, its purposes within its means and its means equal to its purposes, its commitments related to its resources and its resources adequate to its commitments, it is impossible to think at all about foreign affairs." When foreign policy commentators go to heaven, the better ones pass under a portal engraven with these words. For over six decades, Lippmann navigated within the interstices of the gap that he diagnosed and made famous, displaying an uncanny gift for shrewd and prophetic judgment. In this

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work, which was a bestseller in the Second World War, Lippmann insisted upon the reality and permanence of the Atlantic community. He gave a trenchant critique of both the insular isolationism of the America Firsters and the universalistic nostrums of the unreconstructed Wilsonians. "One world," as Lippmann would later characteristically express his double-barreled attack on insularity and universalism, "we shall not see in our time. But what we may see, if we have the vision and the energy, is the formation of a great western community, at least a confederation of federations of European and American nations, determined to give the lie to those who say that our civilization is doomed and to give back faith and will to those who fear that freedom is perishing where it originated."

American Diplomacy. BY GEORGE F. KENNAN. Chicago: University of Chicago Press, 1951, 154 pp.

These celebrated lectures, delivered at the University of Chicago in 1950, were for many years the most widely read account of American diplomacy in the first half of the twentieth century. They were written against the backdrop of the searing experience of total war, and Kennan's strictures against the "legalistic-moralistic" tradition in U.S. foreign policy need to be understood in that light. It was not that Kennan was hostile to law or morality as restraints upon our own conduct; at the root of his opposition to the crusading impulse was the fear that it would subtly erode, if not smash, the barriers to a yet more terrible war. The second edition of this work contains two lectures from 1984 that reconsider the themes of *American Diplomacy* and bemoan "the extreme militarization not only of our thought but of our lives that has become the mark of this postwar age." Kennan's worst fears did not come to pass, and it may be that he fell victim to exaggerations comparable to those he deplored in American policymakers. But we have needed his voice to remind us that "there are problems in this world that we will not be able to solve, depths into which it will not be useful or effective for us to plunge, dilemmas in other regions of the globe that will have to find their solution without our involvement."

The Tragedy of American Diplomacy, enlarged edition. BY WILLIAM APPLEMAN WILLIAMS. New York: Dell, 1962, 309 pp.

This influential work by the dean of the Cold War revisionists, first published in 1959, developed a radical critique of American foreign policy. Williams attributed the counterrevolutionary tendency he denounced to a misplaced faith in liberal capitalism, and advised that the United States adopt an "open door" for revolutions. Williams was not a communist, as was sometimes unfortunately alleged, but a radical free-thinker out of the Wisconsin School. Nor was he a realist, though he achieved harmonic convergence with the realists (and the paleoconservatives) on several points: both strains of thought were skeptical of universalism, sought to place limits on the projection of American power, and advised a more accommodating posture toward revolutionary nationalism. Williams was often criticized, and persuasively so, for giving primacy to economic factors in explaining American foreign policy, and his assessment of responsibility for the origins of the Cold War erred on

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the side of generosity to Stalin's Russia. But there was a certain wisdom in his insistence that America had preached but forgotten how to practice self-determination. We might encourage other peoples to adopt the American system, or join freely in federative systems with them—but, as Jefferson once remarked, "they have the right, and we none, to choose for themselves."

The Best and the Brightest. BY DAVID HALBERSTAM. New York: Random House, 1972, 688 pp.

Never had the Establishment been so artfully skewered as in this study of the generation of policymakers that led the United States into the Vietnam War. It was more the method than the conclusions of this work that made it distinctive. The same novelistic techniques and extraordinary imagination that got Tom Wolfe into the heads of Ken Kesey's Merry Pranksters were employed by Halberstam to illuminate the thinking of the foreign policy elite under Kennedy and Johnson; here, at least, the New Journalism met Diplomatic History to brilliant effect. The arrogance of Robert McNamara, the piety of Dean Rusk, the happy vulgarity of Lyndon Johnson ("Hell, it *is* part rattlesnake") are sketched with unerring precision. This study of how pride goeth before the Fall captured the outlook and sensibility of that era as few professional historians have been able to do.

White House Years. BY HENRY KISSINGER. Boston: Little, Brown, 1979, 1,521 pp.

Years of Upheaval. BY HENRY KISSINGER. Boston: Little, Brown, 1982, 1,283 pp.

Of all the memoirs written by American diplomats, the two volumes of Kissinger's are in a class by themselves. Kissinger, as was said of Alexander Hamilton, was a "host within himself," a virtuoso in diplomacy the likes of which are seldom encountered in this American world. Centered on a narrative of Kissinger's work as national security adviser and secretary of state, these monumental volumes (which end with Nixon's resignation in 1974) show Kissinger as a gifted portraitist, an infinitely subtle negotiator, a formidable thinker, and a wit. It is de rigueur to criticize Kissinger—his methods, it is said, were devious, his character at once megalomaniacal and insecure, his realpolitik ill suited to the nation's ideals. Inevitably, perhaps, he is beheld with the same ambivalence—a compound of "aloofness and respect, of distrust and admiration"—with which he himself regarded Richard Nixon. Kissinger may be faulted persuasively on the score of excessive interventionism; certain of his policies, like the destabilization of Chile and the reckless armament of Iran, were ill-advised. There is, withal, much to admire in these memoirs and in the diplomacy they recount. In his and Nixon's approach to the relations among the great powers—the Soviet Union, China, Western Europe, and Japan—the foundations of a new structure of peace were thoughtfully laid. Kissinger brought a philosophical deepening and a restored sense of purpose to American policy at a time of immense anguish. That was no mean accomplishment, however customary it may now be to belittle it.

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Western Europe

STANLEY HOFFMANN

Union Now: A Proposal for a Federal Union of the Democracies of the North Atlantic. BY CLARENCE K. STREIT. New York: Harper and Brothers, 1938, 315 pp.

Let us conclude, idiosyncratically, with a dreamer and visionary often dismissed, when remembered at all, as an eccentric. The inveterate propagandist of Atlantic union, Streit was undoubtedly wrong in thinking that a common government uniting the Atlantic democracies modeled on the federal Constitution of 1787 was either possible or desirable. But he was right in insisting in this bestselling work—which went through several editions and variations in the 1940s—that the challenge for American foreign policy was to lead in the construction of a federative system linking the Western democracies, that the division among the democracies had been a catastrophic blunder, and that Americans needed to see their contemporary purpose in the world in relation to the vital precedents and lessons of America's own experience in federal union. Streit applied the analogy literally, which led him astray, but he stated the problem correctly: How to ensure the effective cooperation of the democracies without a common government? How, in the face of the rancors and divisive forces inherent in confederacies, to share the burden equitably? What institutions and vows are necessary to give effect to common purposes without surrendering the autonomy and individuality promised by the federal bargain?

The God That Failed. EDITED BY RICHARD CROSSMAN. New York: Harper and Brothers, 1949, 273 pp.

Conceived "in the heat of argument" between Crossman, a Labour intellectual and politician, and the leftist author Arthur Koestler, these essays by six intellectuals "describe the journey into communism, and the return." The only comparable books about the appeals and delusions of communism on idealists outside the Soviet Union are Raymond Aron's *Opium of the Intellectuals* (1957) and François Furet's more recent *Le passé d'une illusion* (1995). But Aron is more didactic—superbly so—and Furet concentrates on the French case. What makes *The God That Failed* so powerful is the ardent, bitter, irreplaceable testimony of men like Ignazio Silone, Stephen Spender, Koestler, and Richard Wright—men of very different backgrounds and experiences, all attracted by the "glimpse of the Promised Land" (Koestler), in search of a faith, indeed of "a conversion, a complete dedication" (Silone), of "a state of historical-materialist grace" (Spender). How the dream of fraternity and social justice turns into a nightmare of servility to party double talk and sudden turns, how the fellow traveler drops out and has to return to his own lonely road, is a story that forms a sad, major part of twentieth-century life, in Western Europe and elsewhere.

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Facing the Extreme: Moral Life in the Concentration Camps. BY TZVETAN TODOROV. New York: Metropolitan Books, 1996, 307 pp.

Far more devastating than the course followed by fellow travelers of communism, and even more representative of a tragic century, is the experience of those who, in ghettos or in concentration camps, had to "face the extreme." This probing study of their behavior and the choices they had to make, written by the literary theorist and historian Tzvetan Todorov in French in 1991 and translated into English in 1996, is a contribution to ethics—personal and political. It asks, and shows, how moral life and action can persist even in such Hobbesian circumstances, it examines thorny problems of responsibility and guilt, and it is a tribute to the small number of "just" men and women who showed both courage and generosity. This subtle and discriminating book is a worthy complement to Primo Levi's admirable books on his personal experience in Auschwitz and after (*Survival in Auschwitz,* 1947; *The Periodic Table,* 1984), to novels such as Louis Begley's *Wartime Lies* (1991), and to Todorov's equally profound *On Human Diversity* (1989), which studies the ways in which different French authors have approached "the other" and is a plea for recognizing both universal values and the diversity (not the clash) of cultures.

The Grand Illusion. DIRECTED BY JEAN RENOIR. 1937.

Art is often better able than social science to reveal the truth about social relations or human behavior in extreme situations. Eugène Ionesco's play *The Rhinoceros* (1959) tells us all we need to know about the seduction of submission to totalitarian rule and the common man's occasional capacity to resist it. Roger Martin du Gard's massive novel *The Thibaults* (1922-40) evokes at length and in depth the failure of socialist hopes in the summer of 1914, and the liberal Wilsonian illusions of 1918. Albert Camus' *The Plague* (1948) remains a haunting allegory both of the human condition—the need to give a meaning to life before death's inevitable victory—and of the human condition in the twentieth century—the need to resist its evils, total war, totalitarian violence, and the destruction of human links by both. Cinema is a more recent and, on the whole, less political art form. But among its masterpieces, there is one film that addresses some of the major issues for Western Europe in the first part of this century. Renoir's elegiac *Grand Illusion* shows us how, during the First World War, loyalty to nation came to prevail over the old transnational solidarity of aristocracies and over deep class divisions within nations. It tells us about ordinary anti-Semitism. It tells us both about the fading chivalry of conflict and about the absurdity of war that destroyed sympathy or affection between French and Germans. Released a year before Munich, this plea for peace can be seen both as a contribution to appeasement and as a prophecy of Franco-German reconciliation.

Memoires de Guerre. BY CHARLES DE GAULLE. Paris: Plon, 1954-59, 3 vols., 2,051 pp.

They have to be read in French, of course. The translations are adequate but cannot fully do justice to the restrained lyricism, the classical lucidity, the *gravitas* of a style that was the product of hard

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work, concentrated thought, a Catholic education—and a powerful personality. In French, de Gaulle's style is immediately recognizable—like the man, it is both unique and the quintessential expression of a language and culture.

Why de Gaulle rather than Churchill? The general's canvas, after all, is narrower: his passionately exclusive concern is *Notre Dame la France,* not the world. But de Gaulle's narrative, perhaps because of this focus, is even more epic than Churchill's; it is the story of a fall, of a slow and difficult revival, and of final salvation. Also, it is less sprawling, more economical, more deliberately a work of art. And it offers the readers a priceless gallery of portraits, pithy and compassionate (even Laval and Hitler are treated serenely and humanely). De Gaulle, in one of his many gloomy moments, said that he may well have written the last pages of France's grandeur. He was referring to his role in history, but the remark applies to these books as well.

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Germany, 1866–1945. BY GORDON A. CRAIG. New York: Oxford University Press, 1978, 825 pp.

Many fine historians have grappled with the tormented history of Germany during the last century and a half. Fritz Stern's brilliant, searing books on Bismarck's Jewish banker, Gerson von Bleichroder (*Gold and Iron,* 1977), and on *The Politics of Cultural Despair* (1961) that preceded Hitler, Peter Gay's *Weimar Culture* (1968), J. P. Stern's analysis of Hitler's character and leadership (*Hitler: The Führer and the People,* 1975), the recent and (beyond all the polemics) complementary books of Daniel Goldhagen (*Hitler's Willing Executioners,* 1996) and Saul Friedländer (*Nazi Germany and the Jews,* 1997) on Nazi anti-Semitism come immediately to mind. Craig's merit is nevertheless distinct. This history of Germany from Bismarck's imperious rise to Hitler's *Götterdämmerung* is a masterly, profound, and indispensable synthesis. Both Olympian and *engagé,* attentive to all aspects of Germany's history, always perceptive and incisive, Craig provides, in particular, an account of Hitler's regime that, in a limited space, tells us all we need to know. I wish there were equally satisfying books covering the same period dealing with French and British history.

The Uniting of Europe: Political, Social, and Economic Forces, 1950–1957. BY ERNST B. HAAS. Stanford: Stanford University Press, 1958, 552 pp.

Hail the pioneer! Jean Monnet devised a method, both cautious and bold, pragmatic and ideological, aimed at integrating

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nations that had often been at war with one another, many of which were proud of their past and all of which had emerged after 1945 in a world where Western Europe was no longer the core of international affairs but a dependent of one superpower and a potential victim of the other. Political scientists needed to grapple with an approach that aimed at transcending the nation-state yet was quite different from classical federalism because it was functionally piecemeal and institutionally more technocratic than democratic.

Haas was the first theorist of the Monnet method. In this (early) study of the Coal and Steel Community, he introduced all the concepts that the huge subsequent literature on European integration has used and argued about ever since. Even those who disagree with his theory (especially with his notion of "spillover," which suggested that integration in one functional area would almost necessarily lead to integration in others) on empirical or normative grounds owe him a huge debt—especially as Haas himself did not remain stuck in his ideas, but candidly acknowledged that the development of what is now the European Union did not always fit his original theory. He built the solid foundations of what is now a huge theoretical edifice.

Western Hemisphere

KENNETH MAXWELL

Sons of the Shaking Earth. BY ERIC WOLF. Chicago: University of Chicago Press, 1959, 303 pp.

Wolf drew on anthropology, archaeology, history, and geography to mold a magnificent, sweeping, and beautifully written synthesis. With style and deep personal engagement he unraveled the complexity of Mexico and Guatemala's past with its multiple ethnicities, many languages, and environmental diversity. Wolf was as comfortable with the pre-Columbian world as the story of Spanish conquest and the social and political developments of the nineteenth and twentieth centuries. He gave full credit to the role of Africans and the indigenous population, to religion and folklore, and to the manner in which urban and rural settlement patterns developed over long stretches of history. Wolf offered no prognostications in 1959. "The rooster has cried a coming dawn," he wrote, "but in the gray daybreak the shadows still lie in dark pools about the doorway and alley." His circumspection has been well justified, for Guatemala certainly, and even in some respects for Mexico. Armies of graduate students have challenged many of the details, but the book stands as a monument to a time when social scientists were able to think large thoughts and write elegant English.

The Masters and the Slaves: A Study in the Development of Brazilian Civilization. BY GILBERTO FREYRE. New York: Alfred A. Knopf, 1946, 432 pp.

Freyre inspired an army of imitators, but few equaled his readability or his rambunctious, meandering, infinitely varied and deeply erotic interpretation of the formation of Brazilian society. He argued that in the tropics the Portuguese established a "polygamous patriarchal regime" where "widely practiced miscegenation tended to modify the enormous social distance between the Big House and the slave hut." His book, the first of a trilogy

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covering Brazil's social development over three centuries, forced Brazilians to look again at the profound impact the long centuries of slavery had on their personalities and mores. By examining witchcraft, medicine, households, the role of food and clothing, and the social impact of forms of economic organization, Freyre anticipated much of the more narrowly focused academic "new" social history that was to follow. Never a Marxist within a milieu where Marxist scholars set the agenda, he was much criticized when he later embraced the military regime in his own country, and his ideas provided the intellectual foundation for the ideology of luso-tropicalism with which the Portuguese dictatorship tried to justify its empire in Africa, claiming they were less racist than the northern Europeans.

Journeys Toward Progress: Studies of Economic Policy-Making in Latin America. BY ALBERT O. HIRSCHMAN. New York: Twentieth Century Fund, 1963, 308 pp.

Hirschman's classic work used as its frontispiece Paul Klee's painting "Highways and Byways" to symbolize the manifold and ambiguous ways in which nations "journeyed" toward their goals. Hirschman examined three economic policy problems in detail: Brazil's actions to alleviate the chronic economic backwardness of its drought-ridden and stagnating northeastern provinces, Colombia's attempts to improve patterns of land use and land tenure, and Chile's experience with recurring inflation. He criticized the overconfident belief that all problems were inherently solvable, as well as the prevalent notion of the period in Latin America that reform could be achieved only by opposite processes of violent revolution or of peaceful change. Hirschman argued that both routes in fact proposed shifts of power and wealth, and that such shifts were equally a question of contriving alliances and of what he called "reform-mongering," a method of action that used unsuspected and unorthodox opportunities for maneuver and advance.

Ten Keys to Latin America. BY FRANK TANNENBAUM. New York: Alfred A. Knopf, 1962, 237 pp.

Tannenbaum, the radical labor activist who owed his Columbia University education to the benign intervention of a farsighted benefactor, had an enormous influence on several generations of Latin Americanists. He was firmly convinced that political change preceded social change, that the stratification of Latin America must yield to political and economic democracy, and that it was very much in the interest of the United States to support change and not the status quo in the region. He was quick to see through Fidel Castro, who, he argued, was an old caudillo with a new vocabulary. Yet he strongly criticized the Cold War–inspired neglect of political rights by the United States in its Latin American policies, and argued that "democracy requires local self-government and local power independent of the center and beyond its control." For Tannenbaum, Latin America remained very largely the rural Latin America he had known so well in the years following the Mexican Revolution, and there is little anticipation of the rapid urbanization of the past 20 years.

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Dependency and Development in Latin America. BY FERNANDO HENRIQUE CARDOSO AND ENZO FALETTO. Berkeley: University of California Press, 1979, 118 pp.

This expanded and revised edition of the classic work on dependency in Latin America had an enormous influence on a generation of American scholars, as it had in the preceding decade influenced many Latin American intellectuals. Dependency theory came to form a virtually monolithic interpretive framework. The book was originally written during the mid-1960s in Chile, where Cardoso, now president of Brazil, was living in exile, and was first published in Mexico in 1971. In an attempt to bring historical and sociological substance to what Cardoso and Faletto, a Chilean scholar, saw as the overly economistic interpretation espoused by the U.N. Economic Commission for Latin America, Cardoso and Faletto sought a return to political economy as opposed to pure economics and looked at the role of social classes, the state, and corporatist and bureaucratic structures as well as the key role of multinational corporations in setting the constraints within which Latin American development took place. Curiously, it is less in the original text than in their postscript to the English translation where Cardoso and Faletto's more overtly socialist arguments appear most dated.

The Bolivian Diary of Ernesto Che Guevara. BY ERNESTO CHE GUEVARA. New York: Pathfinder, 1994, 467 pp.

The republication of Che Guevara's *Bolivian Diary* together with accounts by other veterans of his failed insurgency in the high Andes is intended, its editor Mary-Alice Waters writes, "to bring to life for a new generation of revolutionary-minded fighters worldwide this work by one of the great communist leaders of our time." The diary was found in Guevara's knapsack by the Bolivian military after his capture and murder in 1967. It was first published in the United States in 1968 in a special edition of *Ramparts* magazine, instantly becoming a required component of the radical student's catechism. Che's diary remains a fascinating read, dispirited and hopeful at the same time, and abruptly terminated. Guevara believed he was "opening the final stage of the liberation of the Americas." In this he was resoundingly mistaken, but his death and the recent unearthing of his remains in Bolivia have created a mythology that will likely long survive the end of the Cuban revolution he has also helped to romanticize.

The Soviet Union and Eastern Europe

ROBERT LEGVOLD

How Russia Is Ruled, revised edition. BY MERLE FAINSOD. Cambridge: Harvard University Press, 1963, 684 pp.

Choosing a few books from the thousands produced over seven and a half decades is not easy, with one exception: Merle Fainsod's preeminent study of Soviet politics. For three decades after its 1953 publication and as revised ten years later, this book defined the field of Soviet studies. Over the years a host of texts

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appeared attempting more or less comprehensive descriptions of the Soviet system, many of them challenging the totalitarian model that underpinned Fainsod's analysis, but none ever rose to the magisterial height of his study. The core of the book focused on the Leninist party as the essence of the system and then, in immense but accessible detail, traced the means by which it radiated its control over the state bureaucracy, the broader economic order, and society itself. Every agency of power—from the Komsomol to the political organs within the military—received meticulous attention. What gave the book its great weight, however, was the infusion of Russian and Soviet history. In the end it was as much a rich history of the Soviet political order and its roots in the past as it was a political scientist's explanation of how it all worked.

A History of Soviet Russia. BY EDWARD HALLETT CARR. New York: Macmillan, 1950-78, 14 vols., 6,508 pp.

By far the most ambitious scholarly undertaking in these 75 years, Carr's project emerged like some literary version of Moscow's Cathedral of Christ the Redeemer. Over the years the quality of the later volumes declined, surpassed by the detailed histories others were generating. However, the original seven volumes, dealing with the period 1917-29—in particular, the first three volumes devoted to the Bolshevik Revolution and the six years after—have stood like a colossus before every self-respecting graduate student in Soviet studies in the English-speaking world. Before and after World War II, Carr was one of the great minds writing on international relations. Volume three on Soviet foreign policy from the November Revolution through 1922 came to be the classic account of the new regime's transition from its rudely frustrated original premises to its imperfect adjustment to the harsh realities of the day. Where others saw in Lenin and his followers manipulators of ideas and instinctive authoritarians, Carr perceived a genuine, often naive ideological conviction and a heavy hand born of necessity.

The Russian Revolution 1917-1921. BY WILLIAM HENRY CHAMBERLIN. New York: Macmillan, 1935, 2 vols., 1,067 pp.

An immense and long-forgotten literature on the Bolsheviks and their first years in power boiled forth in the 1920s and 1930s. Chamberlin's massive two-volume history of the revolution and the subsequent civil war towered over contemporary competitors, enduring well into the present. The revolutionary John Reed's firsthand *Ten Days that Shook the World* (1919) achieved greater fame, but Chamberlin's detailed historical account first led an English-reading audience through the maze of revolutionary events and the mayhem and savagery of the civil war, the subject of the entire second volume. (It was last republished in 1987.) Chamberlin was a correspondent for *The Christian Science Monitor* who arrived in Soviet Russia in 1922, but only after many years of reporting from Moscow did he in 1933-34 break from his work to write this history. By then Lenin had been dead a decade, Stalin was ascendant, and the great terror was just beginning. During the Cold War Chamberlin would be faulted for failing to see in the 1917-21 period the seeds of Stalin's super-tyranny. Indeed,

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he did take the triumph of Lenin and his party to be a logical, albeit not inevitable, outcome of powerful historical trends in Russia. He also regarded Lenin as a "genius of revolution," as he entitled one chapter. But he in no way idealized the revolution and those who made it, nor did he underestimate their capacity for cold calculation and ruthlessness.

The Soviet Bloc, Unity and Conflict, revised edition. BY ZBIGNIEW K. BRZEZINSKI. Cambridge: Harvard University Press, 1967, 599 pp.

Only once in the postwar period did someone tie together all dimensions of the Soviet world: the Soviet Union's relationship with Eastern Europe, the domestic sources of change within the socialist camp, the ongoing struggle with Tito's Yugoslavia, and, the most dramatic development of all, the Sino-Soviet conflict. Brzezinski did this with an intellectual flair and clarity of argument and prose that set his book apart from an increasingly solid collection of work that by the 1960s was focused on different aspects of Soviet, East European, and Chinese foreign policy. In the first edition, published in 1960, Brzezinski dwelt on the process by which the East European states were turned into satellites of the Soviet Union, the first signs of trouble after Stalin's death, and the tumult unleashed by Khrushchev's fateful efforts to come to terms with the Stalinist legacy. By 1967, when the second revised edition appeared, "polycentrism" in Eastern Europe—clearest in the challenge raised by Romania—and the deepening conflict between Beijing and Moscow had transformed the original image of a communist monolith into a wildly complicated heterogeneity of relationships.

The Magic Lantern: The Revolution of '89 Witnessed in Warsaw, Budapest, Berlin, and Prague. BY TIMOTHY GARTEN ASH. New York: Random House, 1990, 156 pp.

The great synthetic works making sense of communism's collapse or taking the measure of the political revolutions that followed do not yet exist. However, this extraordinary decade has produced a number of superb firsthand accounts of what it was like to be in history's shadow—in Gorbachev's Soviet Union, in Eastern Europe, in Russia during and after the 1991 putsch. Ash's was the first and in many ways the best of this genre. With strokes as spare and elegant as a Chinese watercolor, he carried the reader into the breathtaking rush of events in Poland, Hungary, Germany, and Czechoslovakia from the early summer months of 1989 to the pinch-me-it-can't-have-happened denouement that autumn. Because he was so emotionally committed to the Michniks, Kurons, and Havels and even personally involved in the events, historians may wonder how fair he, like many of the other writers on the spot, was to everyone else in the play, some of whom were also architects of change. None, however, will fail to appreciate the touch and feel of events this gifted author conveys.

Middle East

WILLIAM B. QUANDT

The Emergence of Modern Turkey. BY BERNARD LEWIS. New York: Oxford University Press, 1961, 511 pp.

Much of the history of the Middle East in this century has to be understood

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against the backdrop of the collapse of the Ottoman Empire and the intervention of the West. Lewis is masterful as he sketches the stages of reform in the nineteenth century and then shows how Mustafa Kemal Atatürk built on this legacy to move Turkey in the direction of a modern secular state. No one has done more to examine the interactions of the West and the Middle East, although some of Lewis' critics think that he overemphasizes the impact of the West and disregards indigenous sources of change. A somewhat different perspective is offered by Niyazi Berkes in *The Development of Secularism in Turkey* (1964). However the debate over the impact of the West is resolved, Lewis' book will remain a landmark in the study of the modern Middle East. As Turkey wavers between secularism and Islamic revival, this study can still be read with a sense of immediacy.

Arabic Thought in the Liberal Age, 1798–1939. BY ALBERT HABIB HOURANI. New York: Oxford University Press, 1962, 403 pp.

This is intellectual history at its best, a study of ideas and thinkers and the impact they had on their societies. Here one will find a clear discussion of the roots of Arab nationalism, Islamic reform, and the turn toward Islamic radicalism. Hourani deftly deals with the themes of modernization, the influence of the West, and the search for authenticity. The book has survived the passage of time remarkably well and is still an essential source for understanding the major political currents that have swept the Arab world in this century. Before Hourani's study, the dominant view of the origins of Arab nationalism was provided by George Antonius in *The Arab Awakening: The Story of the Arab National Movement* (1938). More recently, Fouad Ajami's *The Arab Predicament: Arab Political Thought and Practice Since 1967* (1981), written after the 1967 war, foresaw the erosion of Nasserism and the importance of Islam as a political rallying point.

The Venture of Islam: Conscience and History in a World Civilization. BY MARSHALL G. S. HODGSON. Chicago: University of Chicago Press, 1974, 3 vols., 1,610 pp.

Of the many books on Islam, this one is not the most approachable, but it is the one that will be read by serious scholars for years to come. Hodgson tries to avoid the Orientalist traps by looking at Islamic civilization from within in all its complexity. But he also places the development of Islam squarely in the context of world history, which is what makes his book so valuable. He introduces a distinctive vocabulary, which is often off-putting but has the purpose of forcing the reader to rethink categories of analysis. Islam as portrayed by Hodgson in this massive three-volume work (completed by his students after his death) is a hybrid civilization, like all others, drawing on many traditions and evolving over time. His scope is broad, covering all the great moments in Islamic history. Should be read along with H. A. R. Gibb's *Modern Trends in Islam* (1947) and Fazlur Rahman's *Islam* (1966) for alternative perspectives.

Orientalism. BY EDWARD SAID. New York: Pantheon, 1978, 368 pp.

Few books on the Middle East have aroused more controversy than this dazzling attack on traditional scholarship. Said is relentless in exposing the hid-

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den, and not-so-hidden, agendas and assumptions of many Western scholars who have written about the Middle East. He brings to the task of deconstructing the arguments of self-described "Orientalists" the tools of the literary critic—and he takes no prisoners. His detractors, most notably Bernard Lewis, fault him for careless scholarship and for rejecting virtually the whole corpus of Western writing on the Middle East. But no one writing on the Middle East today can be as unselfconscious about the assumptions made or questions asked as those who preceded Said. He has also spawned a new field of Occidentalism, which examines how writers in the Middle East looked at the West.

The Mantle of the Prophet: Religion and Politics in Iran. BY ROY MOTTAHEDEH. New York: Pantheon Books, 1985, 416 pp.

The Iranian Revolution, like all political upheavals, will be the subject of endless analysis, but this single book will always stand out as a unique blend of scholarship and insight. By focusing on the education of an Iranian cleric, Ali Hashemi (a pseudonym), Mottahedeh reviews the many strands that went into the revolution—Shiism, to be sure, but also traditions derived from Iran's rich history. It should be read along with Nikki R. Keddie's excellent *Roots of Revolution* (1990) and Ervand Abrahamian's *Iran Between Two Revolutions* (1982). But its special angle is not found elsewhere, and provides a remarkable, nuanced introduction to contemporary Iran through the life of one of its intellectual figures.

Asia and the Pacific

DONALD ZAGORIA

The Religion of China: Confucianism and Taoism. BY MAX WEBER. New York: Free Press, 1951, 308 pp.

The Religion of India: The Sociology of Hinduism and Buddhism. BY MAX WEBER. Glencoe: Free Press, 1958, 392 pp.

In these two volumes the greatest social scientist of the twentieth century anticipated by several decades important problems that came to preoccupy the globe after World War II. Why have some countries failed to modernize rapidly or at all? What are the consequences of the major religions of the world for economic activity? What was unique about the West? Weber was the intellectual godfather of the literature on "modernization" that has shed enormous light on social, economic, and political evolution in Asia and in other parts of the non-Western world. He isolated religious institutions and the key social strata that mediate them to the wider society as crucial variables. They shape social-psychological orientations to the practical concerns of life and help determine receptivity or resistance to industrialization. Weber did more than anticipate the literature on modernization. His work on China and India still stands as rare examples of an attempt to characterize Chinese and Indian societies and their dominant value systems systematically.

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Red Star over China. BY EDGAR SNOW. London: Victor Gollancz, 1937, 464 pp.

A journalistic scoop in 1937, this book has since become a historical classic. When Snow made his way through Nationalist lines to the barren reaches of Shensi Province in June 1936, the communists had only recently emerged, exhausted and decimated, from their 6,000-mile Long March. Snow found them developing the distinctive brand of communism that governed the lives of the Chinese people during the Maoist era and that only in recent years has begun to change under the impact of Deng Xiaoping's reforms. Many of the men Snow interviewed in 1936 were the first-generation leaders of communist China. The best-known section of the book is Mao's autobiography as related to Snow, which is still one of the most important documents on that subject. Another important section is the graphic description of the Long March. Snow's sympathetic portrayal of the Chinese communists is somewhat naive, however, and it exposed him to widespread criticism during the McCarthy years.

An Autobiography: The Story of My Experiments with Truth. BY MAHATMA GANDHI. Ahmedabad: Navajihan Publishing House, 1927-29, 2 vols., 1,209 pp.

Conquest of Violence: The Gandhian Philosophy of Conflict. BY JOAN V. BONDURANT. Princeton: Princeton University Press, 1958, 269 pp.

Gandhi: Prisoner of Hope. BY JUDITH M. BROWN. New Haven: Yale University Press, 1989, 440 pp.

These three books are the best introductions to India's nationalist saint, an elusive and complex historical figure. His autobiography, which started as a series of newspaper articles, is an account of his spiritual journey. Bondurant explores his philosophy of nonviolence. Brown's volume is one of the best major biographies of Gandhi, and her epilogue is a brilliant summing-up of the man in all his complexity. Gandhi was a rare bird: a conservative revolutionary. He spoke up for the untouchables, for women, and for the desperately poor, and he was an egalitarian. But he rejected violence, and he believed in democracy—an unusual combination for a twentieth-century revolutionary. Above all, Gandhi understood that the use of violent means would corrupt even the most noble ends. In short, Gandhi's legacy stands in sharp contrast to that of the Leninists who dominated the nationalist movements in most former colonial countries and whose revolutions almost always began in protracted violence and led to bloody dictatorships. Today it appears that the Gandhians—Martin Luther King, Desmond Tutu—chose the better path.

East Asia: Tradition and Transformation. BY JOHN K. FAIRBANK, EDWIN O. REISCHAUER, AND ALBERT M. CRAIG. Boston: Houghton Mifflin, 1973, 969 pp.

This volume is a revision, update, and condensation of two earlier classics: *East Asia: The Great Tradition* (1960) and *East Asia: The Modern Transformation* (1965). The original two volumes grew out of the collaboration of Fairbank and Reischauer in a lecture course at Harvard first taught in 1939 and further

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developed after World War II. When Reischauer left Harvard in 1961 to assume the post of American ambassador to Tokyo, Craig, who had meanwhile joined the course, provided the remainder of the Japanese section of the second volume. The combined work brings together in a coherent and readable fashion an enormous amount of scholarship by both Asian and Western authors on the history of China, Japan, Korea, and Vietnam. Several generations of East Asian specialists have relied on it, and it is unlikely to be surpassed in the foreseeable future. For any reader seeking to understand the historical background to what is likely to be one of America's greatest foreign policy challenges in the 21st century—the rise of East Asia—this volume is unique and indispensable.

After Imperialism: The Search for a New Order in the Far East. BY AKIRA IRIYE. Cambridge: Harvard University Press, 1965, 375 pp.

This careful study provides a convincing account of the changes in East Asian international relations from the time of the Washington Conference in 1921-22 to the Manchurian crisis of 1931. Iriye's main theme—especially relevant to the post–Cold War era—is that the turbulent decade of the 1930s was a result of the failure of the major powers of the day to develop a stable framework for international relations after World War I. Before that conflict, the imperial powers tried to maintain an equilibrium by means of alliances, ententes, and agreements designed to affirm their mutual spheres of influence and harmonize their interests. But the Great War undermined the old order, and the Washington Conference failed to reconcile the competing interests of the major powers. Germany and Russia were not even signatories of the Washington treaties and the Washington powers were hesitant to accord full sovereign status to China. Moreover, the great powers were all pursuing unilateral actions in China that were mutually irreconcilable. The lasting strength of Iriye's analysis stems from the fact that he grapples with the whole of international relations in East Asia although his focus is on Japan.

The United States and China, 4th edition. BY JOHN K. FAIRBANK. Cambridge: Harvard University Press, 1983, 632 pp.

The Japanese Today: Change and Continuity, enlarged edition. BY EDWIN O. REISCHAUER AND MARIUS B. JANSEN. Cambridge: Harvard University Press, 1995, 454 pp.

In addition to their collaborative effort that produced the classic history of East Asia, Fairbank and Reischauer also wrote classics of modern history that brought China and Japan up to the present. Fairbank's *The United States and China,* first published in 1948 and now in its fourth edition, has nourished two generations of scholars and still flashes with brilliance. It brings events up to 1982. Reischauer's *The Japanese Today* is still the broadest available overview of Japanese politics, history, religion, and education. Originally published in 1988, it has been brought up to the early 1990s by Jansen. These two volumes are the most reliable histories of modern China and Japan in English.

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Africa

GAIL M. GERHART

The Dual Mandate in British Tropical Africa. BY FREDERICK D. LUGARD. Edinburgh: William Blackwood and Sons, 1922, 643 pp.

The definitive defense of British colonial rule in Africa by its most eminent practitioner, this work catalogued the vast variety of administrative and development issues in the heyday of empire: systems of land tenure, direct and indirect administration through indigenous authorities, taxation, agricultural and mineral exploitation, education, transport, trade, legal development, and the eradication of indigenous forms of slavery. Lugard conceded that British methods had not produced ideal results everywhere, and that the time was not yet foreseeable when complete independence would be feasible for African colonies, but he argued with assurance, contrary to the skepticism expressed by the British Labour Party, that Britain's rule was fundamentally benign. Pure philanthropy, he wrote, could of course never be the motive of empire, yet the welfare and advancement of African peoples was a strong guiding principle of British rule, part of its "dual mandate" of reciprocal benefit. Where native races were becoming restive, he declared, it was precisely because of their exposure to British values of liberty: "Their very discontent is a measure of their progress."

Facing Mount Kenya: The Tribal Life of the Gikuyu. BY JOMO KENYATTA. London: Secker and Warburg, 1938, 339 pp.

Kenyatta, later Kenya's first president, wrote this vivid collection of essays for Bronislaw Malinowski's anthropology seminar at the London School of Economics and published them in Britain in 1938 as a monograph on the life and customs of the Kikuyu people before colonial conquest. Challenging the racist assumptions of settlers, missionaries, and colonial administrators, Kenyatta set out to show that Africans were "conditioned, by the cultural and social institutions of centuries, to a freedom of which Europe has little conception." Ignoring customary laws governing individual land ownership, described by Kenyatta in expert detail, the colonists had seized African farms on the pretext that tribal land was communal. From a prosperous, virtuous, and healthy way of life, colonial rule had reduced the Kikuyu social order to ruins and its members to serfdom. Like Chinua Achebe's masterful novel *Things Fall Apart* (1958), this classic conveys the pain of colonial "culture contact" from the African perspective. It also stands up well among the major works of African ethnography, notwithstanding its author's political subtext.

The Wretched of the Earth. BY FRANTZ FANON. New York: Grove, 1963, 316 pp.

This stunning intellectual polemic in praise of anticolonial revolution, first published in French in 1961 and English translation in 1963, overshadowed the liberal analyses of African independence being produced at the time in influencing black Americans' perceptions of Africa. Fanon, a French-trained psychiatrist from Martinique who became an activist in the Algerian revolution, berated

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African elites for their bourgeois tendencies and narrow nationalism and called on African intellectuals to identify with popular strivings. Drawing on his experience treating Algerian mental patients, he lauded the therapeutic effect of revolutionary violence on the brainwashed minds of the colonized—an idea embraced by the Black Panthers in their rejection of the nonviolent methods of the civil rights movement. In a postmodern vein, Fanon reflected on the problem of revolutionary truth: "The native replies to the living lie of the colonial situation by an equal falsehood . . . Truth is . . . all that protects the native, and ruins the foreigners . . . The good is quite simply that which is evil for 'them.' "

False Start in Africa. BY RENE DUMONT. London: Andre Deutsch, 1966, 320 pp.

First published as *L'Afrique Noire est Mal Partie* in 1962, this blunt and brilliant critique of African development policies shook the international aid community and inspired Julius Nyerere, founder and president of Tanzania, to adopt the daring development strategies articulated in the country's 1967 Arusha Declaration. According to Dumont, a French agronomist with broad experience, Africa's continuing underdevelopment was not caused by unfavorable natural conditions but by the failure of political authorities in both the colonial and postcolonial periods to adopt more appropriate policies regarding technology, peasant agriculture, industrialization, education, civil service development, foreign aid, and regional integration. On each of these subjects Dumont's analysis, sometimes technical but always trenchant and prophetic, still makes good reading.

How Europe Underdeveloped Africa. BY WALTER RODNEY. London: Bogle-L'Ouverture Publications, 1972, 316 pp.

The 1970s saw a paradigm shift in much social science writing on Africa. Drawing on the work of Latin American neo-Marxists who posited a "dependency theory" of underdevelopment, Africanists, of whom Guyanese academic Rodney became one of the best known with this book, abandoned the notion that infusions of "modernization" were the answer to Africa's backwardness. Instead they embraced the premise that the capitalist world system was a zero-sum game in which the strong enriched themselves at the expense of the weak. Thus, underdevelopment in the precapitalist Third World—in technological, industrial, educational, military, and organizational terms—was interpreted less as a residual condition than as a byproduct of exploitation by First World capitalism. Rodney's book, which highlighted the debilitating effects of the slave trade and other depredations, lacks the academic rigor of writings by neo-Marxist Africanists such as Giovanni Arrighi, Colin Leys, Charles van Onselen, and Colin Bundy. However, the sweep of Rodney's historical interpretation secured a popular audience that more narrowly focused works did not enjoy.

Accelerated Development in Sub-Saharan Africa: An Agenda for Action. Washington: World Bank, 1981, 206 pp.

This World Bank survey of Africa's development crisis presented the most important economic diagnosis and prescription in the continent's history. Often referred to as the Berg Report after its principal drafter, the American economist Elliot

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Berg, this was the controversial unveiling of the bank's recommendations for "structural adjustment," the implementation of which subsequently became a precondition for bank loans. Largely ignoring external factors blighting African development, such as declining terms of trade for primary products and the impact of failed past aid policies, including the bank's own, the report identified policy errors by African governments as the source of malaise, and called for a stiff dose of reform: the adjustment of overvalued exchange rates, greater emphasis on agricultural exports and increased prices for agricultural producers, reduction of subsidies for urban consumers, downsizing of state bureaucracies, privatization of inefficient parastatals, and improved public sector management. Some African governments that owed their political survival to the old policies collapsed under the effects of bank-imposed reform. Today most countries still await convincing proof that the bank's prescriptions will eventually accelerate growth.

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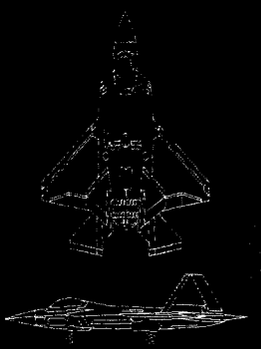

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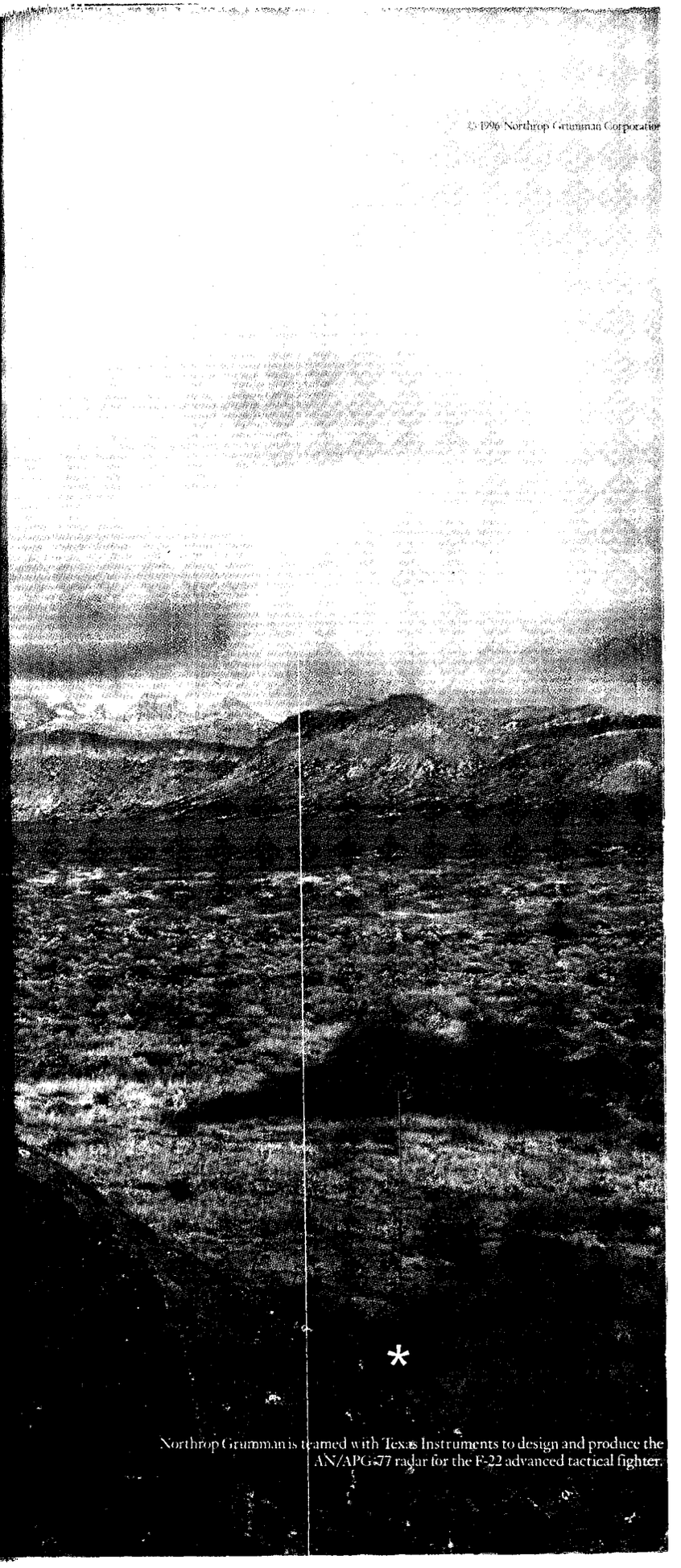

Northrop Grumman is teamed with Texas Instruments to design and produce the AN/APG-77 radar for the F-22 advanced tactical fighter.

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